

Individual Tax Payers Attitude Towards E-filing of Income Tax Return With Reference to Thrissur Districts

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Abstract

New technologies are introduced and improved very fast in all fields day by day. Now more technological advancement is taken place in the field of filing of income tax. Today tax payers can file their income tax return through online. Electronic filing is the process of submitting income tax return through internet. It helps to reduce cost, time and tension. This present study examine that the exiting users are satisfied with the e- filing facilities. The objectives of the study are to study the satisfaction level of individual tax payers towards e filing of income tax return and to study the challenges faced by the individual tax payers while e- filing income tax return. Most of the existing users are satisfied with e-filing facilities. But most of them are not fully aware about the procedures of e-filing. Therefore sufficient steps should be taken for creating awareness among the tax payers regarding the procedure of filing the income tax return electronically. Technological readiness is also related to acceptance of e-filing. So attention should be given in this direction also.

Keywords: E- filing, tax payers, Income Tax.

Introduction

Income tax return is the form in which in which assessee furnish information about his income and tax thereon to Income Tax Department. Forms like ITR 1, ITR 2, ITR 3, ITR 4, ITR 5, ITR 5, ITR 6, and ITR 7 etc. are used for filing the return. The Income Tax Act 1961 and the Income Tax Rules 1962 obligates the individuals to file the returns to Income Tax Department at the end of every financial year. This should be done before the specified due date. Filing of income tax return is an obligation to every tax payer whose gross total income from salary, business or any other gains that exceeds the specified limit. Income tax return forms vary according to the sources of income of the assessee and the category of the assessee. Only those forms which are filed by the assessee to the Income Tax Department are processed by the Income Tax Department of India. The Income Tax Department introduced the mechanism of e-filing

for the purpose of creating a tax system that makes tax payers life easy. E-filing of Income Tax return was introduced in the year 2004. Initially it was for all categories of income tax assessee. For corporate firms, it was compulsory from July 2006.

There are four options for filing returns

1. The first option uses a digital signature to sign the E-file. It helps to save time as it ensures we don't have to any department office.
2. In another option, we will need to print out the single page receipt cum verification form, called as ITR-V, after completing the E-filing process. This has to send to the CPC Centre, either through ordinary or speed post, within 120 days of uploading the electronically filed return.
3. People who are not comfortable with this online system may choose to use the traditional paper form option.
4. In the last option filing of return is done by an agent, a Chartered Accountant or a firm, on behalf of the taxpayers.

E-Filing has the returns following benefits:

1. E-Filing of return reduces the strain by facilitating the tax payers to file return from their home.

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2. The method of E-Filing return provides the option of tracking status according to their wish.
3. It prompts the user to upload the necessary documents which could be accessed whenever the need arises.
4. Filing of return through online helps the taxpayers to receive income tax refund faster than manual filing.
5. Auto population of records reduces the complexities of filing return.
6. Computation mistakes are reduced by tax calculating mechanism.
7. It reduces the cost incurred by the tax payers for filing the return.
8. E-verification is possible in e-filing.

E- Filing has the following challenges

1. Online tax filing systems have different compatibility requirements and technological issues.
2. Some tax return forms are complex.
3. There is lot of security problems.
4. Sometimes there is a problem of mismatch in details of TDS which results in incorrect filing of return.
5. Some taxpayers tend to forget the login password.
6. Filing return with multiple form No. 16 is complex and taxpayers are often not sure about how to do it.
7. Taxpayers are also not aware of some expenses that are eligible for deductions under various sections of Income Tax Act.

Statement of the problem

Tax payers satisfaction towards e- filing of income tax has gained great attention among many Revenue authorities in the developed countries. The study in the area of e- filing of income tax is very limited in Kerala. Tax payers find it difficult to use e- filing system of income tax return because some of them are not familiar with electronic transactions and some of them were not computer savvy. Some of the tax payers are not able to use internet and have less computer skill. Some of the tax payers are concerned about the security problems. All these result in low usage of electronic system. Therefore, it is very imperative to study the satisfaction level and challenges of individual tax payers towards e-filing of income tax returns.

Objectives of the Study

- 1) To study the satisfaction level of individual taxpayers towards e-filing of income tax returns.
- 2) To study the challenges faced by the individual taxpayers while e-filing the income tax returns.

Research Methodology

This study is a descriptive in nature, conducted to know the level of satisfaction and challenges of individual taxpayers towards E-filing of income tax returns. Area of study is restricted to Thrissur district. This study is conducted through non-random sampling techniques and convenience sampling method is used. The sample size of this study is 60 and questionnaire is used for collecting the primary data.

Hypotheses

H1: Relationship between age and satisfaction level of the individual taxpayer towards E-filing system tax.

H2: Relationship between education and satisfaction level of the individual taxpayers towards E-filing system.

H3: Relationship between occupation and satisfaction level of the individual taxpayers E-filing system.

Results

The table 1 represents the demographic profile of the sample respondents, which comprises the gender, age, education, occupation and income. The table shown as follows:

Table 1: Demographic Profile of the Respondents

Variables	Category	No.of Taxpayers	Percentage
Gender	Male	46	76.7
	Female	14	23.3
	Total	60	100
Age	20 - 30 years	4	6.7
	31- 40 years	20	33.3
	41- 50 years	22	36.7
	Above 51 years	14	23.3
	Total	60	100
Educational Qualification	S.S.L.C	12	20

	Pre degree/ Plus Two	4	6.7
	Degree	20	33.3
	Post graduate	24	40.0
	Total	60	100
Occupation	Business	20	33.3
	Professional	20	33.3
	Employee	20	33.4
	Total	60	100
Annual Income	Less than 2,50,000	2	3.3
	2,50,000 - 5,00,000	16	26.7
	5,00,000 - 10,00,000	26	43.3
	Above 10,00,000	16	26.7
	Total	60	100

Source: Primary Data.

From the table 1 it is observed that majority of the respondents (36.7%) are in the age group of 41 to 50, 33.33 per cent respondents are in the age group is 31 to 40, 23.3 percent respondents are in the age group of above 51 years. About 40 per cent of respondents have the post-graduation qualification followed by degree (33.33%) and S.S.L.C. (20%). Only 6.7 per cent of the respondents have plus two qualifications. It is seen that male respondents comprise of 76.7 percent and female consist of 23.3 per cent. As far as the occupation concerned, 33.3 per cent consist of businessman, professional and employees. Annual income statistics revealed that 43.3 per cent of the respondent's annual income comes under 5, 00,000 to 10, 00,000, 26.7 per cent of respondent's annual income between 40,001 to 60,000 and 2, 50,000 to 5, 00,000. Only 33.3 per cent of the respondent's come under less than 2, 50,000.

Table 2: Satisfaction Level of Respondents towards E-filing.

Particulars	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Convenient for filing the return	36	22	2	0	0
Tracking ITR status	18	10	22	2	10
Easy to access the document	12	16	20	2	10
Fast refund	36	16	8	0	0
Error free	30	14	12	4	0
Auto filing reduce complexities	24	14	18	4	0
Economical	22	8	16	12	2
Accuracy	26	16	16	12	0

Source: Primary Data.

Table 2 represents the percentage of respondent's satisfied towards e-filing of Income Tax Returns. From the above table we can conclude that out of 60 respondents, 36 respondents strongly agree that e-filing is convenient, 18 respondents strongly agrees that status tracking is easy, 16 respondents strongly agrees that there is easy access to documents in e-filing, 30 respondents strongly agrees that e-filing is error free, 26 respondents strongly agrees that e- filing is accurate and 22 respondents as cost effective. 24 respondents strongly agrees that auto filling helps to reduce complexities of e- filing and 36 respondents strongly agrees that e- filing helps to get refund very fast.

Table 3: Problems of e- filing.

Particulars	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Pass word forgetting	12	4	6	12	26
Complex forms	10	4	14	24	8
Mismatch with TDS	18	12	6	2	22
Security problems	2	8	2	24	24
Technical problems	4	4	8	26	18

Source: Primary Data.

Table 3 deals with problems faced by the respondents during filing income tax return online. From the above table it can be concluded that mismatch with TDS was the one of the major problem faced by respondents while filing tax online. Followed by 12 respondents strongly agrees that there is a problems of forgetting password. 10 respondents said return filing forms are complex. 8 respondents have the opinion that e- filing has technical problems and 10 respondents said it has security problems.

ANOVA

Testing relationship between age group and satisfaction level of individual tax payers using ANOVA.

H0: There is significant relationship between age group and satisfaction level of individual tax payers.

H1: There is significant relationship between age group and satisfaction level of individual tax payers.

Table 4: Testing relationship between age group and satisfaction level of individual tax payers using ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Convenience	Between Groups	1.650	3	.550	1.803	.157
	Within Groups	17.083	56	.305		
	Total	18.733	59			
Status Tracking	Between Groups	5.913	3	1.971	1.138	.342
	Within Groups	97.021	56	1.733		
	Total	102.933	59			
Easy access to documents	Between Groups	9.179	3	3.060	1.874	.144
	Within Groups	91.421	56	1.633		
	Total	100.600	59			
Refund	Between Groups	3.432	3	1.144	2.330	.084
	Within Groups	27.501	56	.491		
	Total	30.933	59			
Error Free	Between Groups	12.541	3	4.180	5.346	.003
	Within Groups	43.792	56	.782		
	Total	56.333	59			
Auto Filing	Between Groups	11.185	3	3.728	4.466	.007
	Within Groups	46.748	56	.835		
	Total	57.933	59			
Cost Effective	Between Groups	1.808	3	.603	.364	.779
	Within Groups	92.592	56	1.653		
	Total	94.400	59			
Accurate	Between Groups	4.979	3	1.660	2.092	.112
	Within Groups	44.421	56	.793		
	Total	49.400	59			

Source: Primary Data.

From the above table 4 we can conclude that the relationship between age group and satisfaction level of individual tax payers are significant in error free and auto filling. Hence the significant level is less than .05 which means it does not effect, we accept the H_1 and reject H_0 .The remaining options that are convenience, status tracking, access to documents, accuracy, cost effective and fast refund has no significant relationship between age group and satisfaction level. Hence we accept H_0 and

reject H_1

Testing relationship between education and satisfaction level of individual tax payers using Anova.

H_0 : There is significant relationship between education and satisfaction level of individual tax payers.

H_1 : There is significant relationship between education and satisfaction level of individual tax payers.

Table 5: Testing relationship between education and satisfaction level of individual tax payers using Anova.

		Sum of Squares	df	Mean Square	F	Sig.
Convenience	Between Groups	2.533	3	.844	2.919	.042
	Within Groups	16.200	56	.289		
	Total	18.733	59			
Tracking	Between Groups	7.967	3	2.656	1.566	.208
	Within Groups	94.967	56	1.696		
	Total	102.933	59			
Easy	Between Groups	8.900	3	2.967	1.812	.156
	Within Groups	91.700	56	1.638		
	Total	100.600	59			
Refund	Between Groups	4.800	3	1.600	3.429	.023
	Within Groups	26.133	56	.467		
	Total	30.933	59			

Error Free	Between Groups	8.533	3	2.844	3.332	.026
	Within Groups	47.800	56	.854		
	Total	56.333	59			
Auto Filing	Between Groups	8.633	3	2.878	3.269	.028
	Within Groups	49.300	56	.880		
	Total	57.933	59			
Cost Effective	Between Groups	6.367	3	2.122	1.350	.267
	Within Groups	88.033	56	1.572		
	Total	94.400	59			
Accurate	Between Groups	4.267	3	1.422	1.765	.164
	Within Groups	45.133	56	.806		
	Total	49.400	59			

Source: Primary Data.

From the above table 5, we can conclude that the relationship between education and satisfaction level of individual tax payers are significant in convenience, fast refund, error free and auto filling. Hence the significant level is less than .05 which means it does not effect, we accept the H1 and reject H0. The remaining options that are status tracking, access to documents, accuracy and cost effective has no significant relationship between education and satisfaction level. Therefore, we accept H0 and reject H1.

Testing relationship between occupation and satisfaction level of individual tax payers using Anova.

H0: There is significant relationship between occupation and satisfaction level of individual tax payers.

H1: There is significant relationship between occupation and satisfaction level of individual tax payers.

Table 6: Testing relationship between occupation and satisfaction level of individual tax payers using Anova.

		ANOVA				
		Sum of Squares	df	Mean Square	.F	Sig
Convenience	Between Groups	.133	2	.067	.204	.816
	Within Groups	18.600	57	.326		
	Total	18.733	59			
Tracking	Between Groups	12.133	2	6.067	3.808	.028
	Within Groups	90.800	57	1.593		
	Total	102.933	59			
Easy	Between Groups	12.400	2	6.200	4.007	.024
	Within Groups	88.200	57	1.547		
	Total	100.600	59			
Refund	Between Groups	.933	2	.467	.887	.418
	Within Groups	30.000	57	.526		
	Total	30.933	59			
Error Free	Between Groups	24.133	2	12.067	21.360	.000
	Within Groups	32.200	57	.565		
	Total	56.333	59			
Auto Filing	Between Groups	22.933	2	11.467	18.674	.000
	Within Groups	35.000	57	.614		
	Total	57.933	59			
Cost Effective	Between Groups	7.600	2	3.800	2.495	.091
	Within Groups	86.800	57	1.523		
	Total	94.400	59			
Accurate	Between Groups	19.600	2	9.800	18.745	.000
	Within Groups	29.800	57	.523		
	Total	49.400	59			

Source: Primary Data.

From the above table 6 we can conclude that the relationship between occupation and satisfaction level of individual tax payers are significant in status tracking, easy access to document, error free, auto filling and accuracy. Hence the significant level is less than .05 which means it does not effect, we accept the H_1 and reject H_0 . The remaining options that are convenience, fast refund and cost effective has no significant relationship between occupation and satisfaction level. Hence, we accept H_0 and reject H_1 .

Conclusion

Now a day, new technologies are introduced in all fields. The new technology gifted to a tax payer for filing their Income Tax Return through online. This study is carried out to determine the tax payer's attitude towards e- filing of income tax returns. This study reveals that most of the existing users are aware if e- filing facilities. But it is required to create more awareness among tax payers regarding e- filing. Sufficient steps should be taken by the Income Tax Department regarding more secured operational system of e- filing in the challenging technological environment. One of the main challenges in e- filing is the mismatch with TDS. Sufficient understanding and acceptance of

e- filing by tax payers should be made to reduce the risk of user rejection. Preventive and predictive measures should be taken on a timely basis to ensure acceptance among the non- users of e- filing.

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