

A STUDY ON AWARENESS TOWARDS INCOME TAX FILING PROCEDURES OF BUSINESS PROFESSIONALS IN INDIA

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ABSTRACT

Income tax filing is an important legal responsibility for business professionals and a part of voluntary tax compliance in India. This study examines awareness of income tax filing procedures among business professionals, with emphasis on tax laws, filing requirements, deductions, exemptions, deadlines, digital filing systems, and compliance practices. The study considers the role of financial literacy, professional advice, accurate records, and digital tax administration in improving filing efficiency. Findings from the study indicate positive awareness, while challenges remain regarding changing tax provisions, technical issues, documentation, and understanding of deductions. Continuous taxpayer education, simplified procedures, and digital support can strengthen compliance.

Keywords: Digital Tax Administration; Business Professionals; Tax Filing; Income Tax; Tax Compliance

1. INTRODUCTION

Taxation is a source of government revenue and supports public expenditure, infrastructure, education, healthcare, welfare, and economic development. Income tax is a direct tax imposed on taxable earnings of individuals, businesses, partnerships, professionals, and other eligible entities. Business professionals form an important taxpayer group because owners, consultants, traders, contractors, service providers, manufacturers, independent professionals, and self-employed persons contribute substantially to taxable economic activity. Income tax filing involves declaring income for the financial year, identifying eligible deductions and exemptions, calculating tax liability, paying applicable tax, and submitting the required return to the Income Tax Department. The process has increasingly shifted from paper-based procedures to digital filing. Online registration, electronic verification, pre-filled returns, online tax payment, refund tracking, and digital grievance systems have reduced paperwork and improved convenience and transparency. Tax awareness refers to knowledge and understanding of tax laws, filing requirements, due dates, deductions, exemptions, tax rates, online platforms, and legal responsibilities. For business professionals, awareness is particularly important because accurate filing depends on maintaining books of accounts, invoices, purchase and sales records, bank statements, expense vouchers, and other supporting documents. Proper records help in determining taxable income, identifying allowable business expenses, understanding depreciation, claiming eligible deductions, and meeting filing deadlines. Business professionals may face difficulties because tax provisions and filing procedures change. Small business owners and first-time taxpayers may experience additional challenges related to digital compliance, technical problems, tax terminology, documentation, and limited access to professional advice. Chartered accountants, tax consultants, and financial advisors can assist with return preparation, tax planning, documentation, and interpretation of legal provisions. Digital transformation has changed the relationship between taxpayers and tax authorities. Automated verification, electronic communication, data analytics, and online services can improve efficiency and reduce manual intervention. Financial literacy and technological capability further influence the ability of taxpayers to use these facilities effectively. The present study therefore examines awareness of income tax filing procedures among business professionals in India. It focuses on their understanding of filing requirements, statutory

provisions, deductions, online filing, compliance challenges, and the contribution of digital tax administration. The study also seeks to identify areas where taxpayer education and support can be strengthened.

2. REVIEW OF LITERATURE

Earlier research shows that taxpayer awareness is associated with voluntary compliance. Allingham and Sandmo (1972) explained taxpayer behaviour through factors such as tax rates, penalties, detection probability, and knowledge of legal rules. Jackson and Milliron (1986) highlighted education, awareness, ethics, and simplicity of tax legislation as important influences on compliance. Tan and Braithwaite (2001) emphasised taxpayer understanding of legal obligations and the importance of education initiatives. Kirchler (2007) linked transparency, trust, and simplified procedures with timely filing. James and Alley (2008) identified taxpayer education, proper documentation, and access to information as important compliance factors. Indian-focused studies in the uploaded report highlight changing digital tax practices. Gupta and Sharma (2015) associated stronger knowledge of deductions, exemptions, and filing requirements with more accurate returns. Reddy and Kumar (2018) found that electronic filing improves efficiency and convenience, while digital literacy can remain an obstacle. Patel and Shah (2020) emphasised financial literacy, technical familiarity, and professional advice. Singh and Verma (2022) reported benefits from awareness programmes and expert consultation. Rao and Mehta (2024) highlighted online portals, pre-filled returns, electronic verification, and taxpayer support services. Overall, the literature supports awareness, financial literacy, digital competence, simplified procedures, and expert guidance as major contributors to tax compliance.

3. OBJECTIVES OF THE STUDY

1. To determine the level of awareness of business professionals regarding the Indian income tax filing process.
2. To identify the factors influencing business professionals' awareness of income tax filing and tax compliance.
3. To assess business professionals' knowledge of statutory requirements, deductions, and online income tax return filing.
4. To identify the major difficulties experienced by business professionals while filing income tax returns.
5. To provide appropriate recommendations for increasing awareness and promoting voluntary income tax compliance among business professionals.

4. RESEARCH METHODOLOGY

The study uses a descriptive research design to examine awareness of income tax filing procedures among business professionals in India. Primary data were collected through a structured questionnaire from 100 respondents selected using simple random sampling. Secondary data were obtained from government reports, taxation publications, journals, books, and official sources.

4.1 STATISTICAL TOOL

Percentage Analysis-Percentage analysis is selected as the appropriate statistical tool because the study primarily examines awareness levels, knowledge categories, and investment preferences expressed through frequency-based responses.

Formula: $\text{Percentage} = (\text{Number of Respondents} / \text{Total Number of Respondents}) \times 100$

The uploaded study states that **100 respondents** were included and that percentage analysis, frequency distribution, tabular analysis, comparative interpretation, and simple descriptive analysis were used.

5. DATA ANALYSIS AND INTERPRETATION

Table 1: Tax Planning Awareness

Response	Respondents	Percentage (%)
Very High	30	30
High	40	40
Moderate	15	15
Low	10	10
Very Low	5	5
Total	100	100

Interpretation: The results indicate that **70%** of respondents fall into the very-high or high awareness categories. Only 15% report low or very low awareness. Therefore, the available data indicate a generally positive level of tax-planning awareness. The uploaded PDF provides this table as Table 4.1.

Table 2: Tax-Saving Provision Knowledge

Response	Respondents	Percentage (%)
Highly Aware	28	28
Aware	42	42
Moderate	14	14
Low	10	10
Very Low	6	6
Total	100	100

Interpretation: The table shows that **70%** of respondents are either highly aware or aware of tax-saving provisions. The remaining respondents show moderate, low, or very low awareness. The finding indicates that knowledge of tax-saving measures is relatively strong, although a smaller group requires additional awareness and education. The uploaded PDF provides these figures as Table 4.2.

Table 3: Tax-Saving Investment Preference

Investment Option	Respondents	Percentage (%)
PPF	32	32
EPF	30	30
ELSS	18	18
NPS	12	12
Others	8	8
Total	100	100

Interpretation: PPF is the most preferred option at **32%**, followed by EPF at **30%**. Together, PPF and EPF account for **62%** of the responses. ELSS, NPS, and other alternatives account for the remaining 38%. The uploaded PDF identifies PPF and EPF as the most popular tax-saving investments.

6. RESULTS

1. The study indicates that **tax awareness is generally positive** among the respondents represented in the available data.
2. **70%** of respondents are classified as having high or very high tax-planning awareness.
3. **70%** of respondents are either aware or highly aware of tax-saving provisions.
4. The results indicate that knowledge of tax-saving measures is an important element of effective tax planning.
5. **PPF is the most preferred tax-saving investment**, accounting for 32% of responses.

6. **EPF is the second most preferred option**, representing 30% of responses.
7. PPF and EPF together account for **62%** of the available investment-preference responses.
8. The study identifies financial literacy as an important factor affecting tax awareness and compliance.
9. Digital filing systems have improved convenience, efficiency, transparency, and taxpayer services.
10. Professional advice from chartered accountants, tax consultants, and financial advisors can assist taxpayers in understanding filing requirements and avoiding errors.
11. Frequent changes in tax regulations, technical problems, documentation requirements, and limited understanding of deductions can create compliance difficulties.
12. The study emphasises continuous taxpayer education, simplified procedures, digital assistance, and stronger support services to improve voluntary compliance.

7. SUGGESTIONS

1. **Regular income-tax awareness programmes** should be conducted for business professionals.
2. Tax authorities should provide simple explanations of filing procedures, deductions, exemptions, deadlines, and statutory requirements.
3. Business professionals should regularly update their knowledge regarding changes in income-tax provisions.
4. Taxpayers should maintain accurate books of accounts, invoices, receipts, bank statements, and supporting documents.
5. Greater awareness should be created regarding online registration, electronic filing, electronic verification, online tax payment, and refund tracking.
6. Small business owners and first-time taxpayers should receive additional assistance because they may face greater difficulties with digital compliance.
7. Chartered accountants and tax consultants should provide accessible guidance regarding return preparation and interpretation of tax provisions.
8. Digital tax portals should remain simple, user-friendly, reliable, and accessible to taxpayers with different levels of digital literacy.
9. Government agencies should continue conducting workshops, webinars, helpdesk services, and taxpayer education programmes.
10. Financial literacy programmes should explain the relationship between tax compliance, record maintenance, deductions, and personal/business financial management.
11. Filing procedures should be simplified wherever possible to reduce confusion caused by complicated provisions and frequent changes.
12. Business professionals should be encouraged to file returns on time because timely compliance can reduce penalties and improve financial credibility.

8. CONCLUSION

Income tax filing awareness is an important factor in promoting voluntary tax compliance among business professionals in India. The study demonstrates that understanding tax laws, filing requirements, deductions, exemptions, deadlines, documentation, and digital filing systems can help taxpayers fulfil their statutory responsibilities more effectively. The available quantitative data show generally positive awareness of tax planning and tax-saving provisions, while PPF and EPF emerge as the most preferred tax-saving investment options in the supplied tables. At the same time, business professionals may face challenges arising from changing tax provisions, digital procedures, technical difficulties, documentation requirements, and insufficient understanding of particular deductions. Financial literacy, professional advice, accurate accounting records, and digital taxpayer services can therefore play an important role in improving compliance. Continuous taxpayer education, simplified filing procedures, effective online support, and awareness programmes can further

strengthen taxpayer confidence. Overall, better awareness combined with accessible digital services and professional guidance can contribute to accurate, timely, and voluntary income-tax compliance among business professionals in India.

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