A Study on Digital Filing of Income Tax Returns and Taxpayer Satisfaction

Sudarsana Baalaji N[1], Vivek Krishnan V[2], Dharmesh S[3], Dr Tejaswini S[4]

[123] MBA student 2025-27 batch, JAIN (Deemed-to-be-University), Bangalore, India

[4] Professor, Faculty of Management Studies, JAIN (Deemed-to-be University), Bengaluru, KA, IN,
tejaswini_s@cms.ac.in

I.   ABSTRACT

The fast-changing nature of information and communication technology has brought about a revolution in tax administration systems, which has had a major impact on taxpayers' compliance with income tax laws in India. The use of digital filing of income tax returns has made the manual tax system easier by reducing paperwork, minimizing human interaction, and increasing transparency and efficiency. This paper discusses the effects of digital filing on taxpayer satisfaction, particularly in terms of convenience, usability, system reliability, and digital literacy. The paper uses a descriptive and quantitative research methodology, employing both primary and secondary sources. The secondary sources include a comprehensive study of the literature available, including government publications, academic journals, and previous research studies on digital taxation and e-governance, while the primary source includes a structured questionnaire survey conducted using Google Forms among 56 individual taxpayers with experience in digital income tax returns. The data was analyzed using descriptive statistics and percentage analysis. The results show that digital filing has made a major impact on accessibility, time, and transparency, leading to increased taxpayer satisfaction, but technical glitches during peak hours and a lack of digital literacy among certain taxpayers continue to affect the system's efficiency. The paper concludes that although digital filing has improved voluntary compliance and tax administration, further improvements in the system and awareness programs are necessary to make digital tax governance in India inclusive and sustainable.

Keywords: Digital Filing, Income Tax Returns, Taxpayer Satisfaction, Digital Governance, E- Filing System

II.   INTRODUCTION

In recent years, public administration in India has undergone a significant transformation due to rapid technological advancement and strong governmental support for digital governance. The increasing use of information and communication technology in public services has reshaped the relationship between citizens and government institutions. Among various reforms, the digitalization of the taxation system - particularly the introduction of e-filing of income tax returns - represents one of the most impactful changes. What was once a paper- based, cumbersome, and time-consuming process has evolved into a more structured, transparent, and technology-driven system aimed at improving efficiency and accountability.

Historically, income tax filing in India was largely manual, requiring taxpayers to visit tax offices, depend on

intermediaries, and submit multiple physical documents. This system was plagued by delays, calculation errors, procedural complexities, and lack of transparency, making compliance difficult for many taxpayers. To overcome these limitations, the Government of India introduced e-filing under the Digital India and e-Governance initiatives, enabling online submission, digital verification, and real-time tracking of refunds.

Scholarly research has highlighted both the benefits and challenges of e-filing. Geetha and Sekar (2012) found that greater awareness increased adoption of e-filing, though technical difficulties affected satisfaction. Similarly, Appasaba, Nujumudeen and Sharma (2022) observed that awareness promotes acceptance but inadequate guidance remains a barrier. International research by Islam, Yusuf and Yusoff (2012) emphasized that system quality and ease of use are critical determinants of taxpayer satisfaction. More recent studies by Thazna and Sarithamol (2025) and Putsom and Mom (2025) reinforced that convenience, security, and website quality play a major role in shaping user experience and compliance behavior. These findings suggest that while e-filing has modernized tax administration, continuous improvement is necessary to enhance taxpayer satisfaction and participation.

Despite notable progress in digital tax administration, several challenges continue to hinder the effectiveness of e-filing in India. Many taxpayers still struggle with technical glitches, complex procedures, and insufficient digital literacy, particularly among senior citizens and first-time users. Frequent server failures during peak filing periods create frustration and discourage timely compliance. In addition, concerns related to cybersecurity and data privacy have raised doubts among some taxpayers regarding the safety of online tax platforms.

A major problem is the digital divide between urban and rural areas. While urban taxpayers benefit from reliable internet access and technological awareness, many semi-urban and rural taxpayers face connectivity issues and lack technical support, limiting their ability to use e- filing effectively. This unequal access restricts inclusive participation in formal taxation.

Furthermore, taxpayer satisfaction remains inconsistent due to variations in system usability, portal efficiency, and responsiveness of helpdesk services. Without adequate training programs, awareness campaigns, and technological upgrades, the full potential of digital tax filing cannot be realized. Therefore, it is essential to systematically examine taxpayer awareness, satisfaction, and challenges to identify gaps and recommend effective policy improvements.

Early research by Islam, Yusuf and Yusoff (2012) in Malaysia identified system quality, information accuracy, and service reliability as key determinants of user satisfaction with e- filing, highlighting that ease of use significantly affects continued usage. In India, Geetha and Sekar (2012) found that taxpayer awareness positively influenced e-filing adoption, though technical difficulties reduced satisfaction for some users. Later, Appasaba, Nujumudeen and Sharma (2022) reaffirmed that awareness leads to greater acceptance of digital filing but emphasized the need for better guidance and user support.

Recent studies in 2025 expanded this field further. Thazna and Sarithamol found that convenience and time-saving benefits improved satisfaction in Ernakulam district, while technical errors reduced confidence. Putsom and Mom's study in Thailand showed that website design, security, and information quality significantly affect satisfaction and online tax payment intention. Similarly, Armando, Miran and Ng demonstrated that system reliability and service performance strongly influence taxpayer satisfaction.

Wulansari and Hapsari (2025) revealed that service quality mediates the relationship between e-filing and taxpayer

compliance, making satisfaction a key driver of successful digital taxation. Krunal, Harsh and Vidani (2025) observed that while convenience improved perception in Ahmedabad, procedural complexity remained a challenge for first-time filers. Overall, existing literature suggests that while e-filing enhances efficiency, taxpayer satisfaction depends on usability, reliability, and digital awareness.

The study aims to assess taxpayers' awareness, usage, satisfaction, and challenges related to digital income tax filing in India, examine how ease of use, convenience, and system efficiency influence taxpayer satisfaction, and recommend measures to improve the effectiveness and user-friendliness of the e-filing system.

III.   RESEARCH METHODOLOGY

The main aim of this study is to examine taxpayers' awareness, usage, perceptions, and satisfaction regarding the digital filing of income tax returns in India and to analyze how key factors such as ease of use, convenience, system reliability, and overall user experience influence taxpayer satisfaction. For this purpose, a **descriptive and analytical research design** has been adopted. The descriptive component helps in understanding taxpayers' level of awareness, their experiences with e-filing, and the problems they face while using the digital system. The analytical component examines the relationships among variables such as ease of use, convenience, system efficiency, and taxpayer satisfaction in order to draw meaningful conclusions. This research design is considered appropriate because it provides a comprehensive understanding of how taxpayers interpret their digital filing experiences while allowing for systematic analysis of their responses.

The target population of this study consists of individual income taxpayers in India who have previously filed their income tax returns through the online e-filing portal. The actual sample includes **56 respondents** drawn from different age groups (below 18 to above 55 years) and various occupational backgrounds such as salaried employees, self-employed professionals, and businesspersons who have experience with digital filing. A **convenience sampling technique** was used due to ease of access, time constraints, and respondents' willingness to participate. Although the sample size is relatively small, it provides useful preliminary insights into overall trends in taxpayer satisfaction and digital filing behaviour.

Data for the study were collected from both **primary and secondary sources**. Primary data were obtained through a structured questionnaire administered to taxpayers who had filed returns online. The questionnaire included multiple-choice questions and Likert-scale items related to awareness, usage, satisfaction, and challenges of e-filing. Secondary data were collected from government reports, Income Tax Department publications, academic journals, research articles, policy documents, newspapers, and reliable websites, which helped strengthen the theoretical foundation of the study. A small informal pilot test was conducted with a few respondents to check the clarity and relevance of the questionnaire before final data collection. The study follows a conceptual model in which taxpayer satisfaction is influenced by three major factors: ease of use, convenience, and system efficiency, assuming that better system performance leads to higher satisfaction.

Despite its contributions, the study has certain limitations. First, the sample size of 55 respondents may not fully represent all income taxpayers in India. Second, the use of convenience sampling may introduce selection bias, as respondents were chosen based on accessibility rather than random selection. Third, the study relies on self-reported responses, which may be influenced by personal opinions rather than objective evidence. Finally, the research is cross-sectional in nature, meaning that data were collected at one point in time and may not capture changes in taxpayer

attitudes over a longer period.

IV.   DIGITAL FILING OF INCOME TAX RETURNS:

The process, also referred to as e-filing, represents a transition from the physical submission of all tax documents to submitting them via an electronic portal of the Income Tax Department using technology rather than a physical presence in a tax office. Taxpayers are no longer required to submit their tax returns in person, but can complete their tax return online with a simple procedure: They must register on the Income Tax Department's portal, select the correct ITR form, enter their income/deductions into the form, submit the form and verify it electronically.

There are several benefits associated with using this digital filing system, including a significant reduction in the amount of paper used, more accurate submissions due to the automated validation of tax returns, increased speed in processing returns, and faster delivery of refunds. Additional features such as "pre-filled" forms (forms filled out automatically with the necessary information) and the ability to track the status of a tax return online make the tax compliance process more transparent and more convenient. Overall, the e-filing of returns has streamlined and improved the way that taxes are submitted and processed in India.

V.   CONCEPT OF TAXPAYER SATISFACTION

The level of Fulfilment that is experienced by taxpayers while fulfilling their tax obligations and using the taxes digital filing system is known as Taxpayer Satisfaction. For taxpayers, Taxpayer Satisfaction Is a experience that encompasses tax payer's views about how easy it is to use, the clarity of the processes, transparency, system reliability and service quality provided by the Tax Authorities.

When taxpayers are more satisfied with the digital filing process they experience, it helps to build trust in the Tax Administration System and to promote voluntary compliance. When tax payers perceive a high level of reliability and convenience when filing digitally, they are more likely to accurately and timely file their tax return. Because of the importance of Taxpayer Satisfaction to evaluating the effectiveness of Digital Tax Reforms and identifying areas in which further success may occur, it is essential that we understand Taxpayer Satisfaction.

VI.   RESULTS (DATA ANALYSIS)

6.1   Age
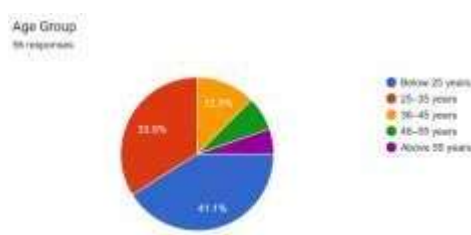
Interpretation: The age group analysis indicates that most respondents are young, with 41.1% below 25 years and 33.9% between 25–35 years. The 36–45 years group contributes 12.5%, showing moderate participation. Respondents above 45 years form a smaller share, indicating limited representation from older age groups. Overall, the survey is largely influenced by younger participants.

6.2   Gender
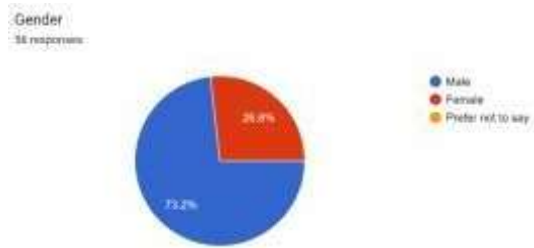
Interpretation: The gender-wise analysis of 56 respondents shows that 73.2% are male, while 26.8% are female. This indicates a male-dominated sample in the survey. No respondents selected the "prefer not to say" option. Hence, the results mainly reflect the perspectives of male participants.

6.3   Occupation

Interpretation: The occupation-wise analysis shows that students form the largest group (30.4%), indicating high participation from the academic segment. Professionals account for 25%, followed by business/self-employed respondents at 23.2%. Salaried employees represent 21.4% of the sample. Overall, the survey includes a fairly balanced mix of respondents from different occupational backgrounds.

6.4   Type of Taxpayer
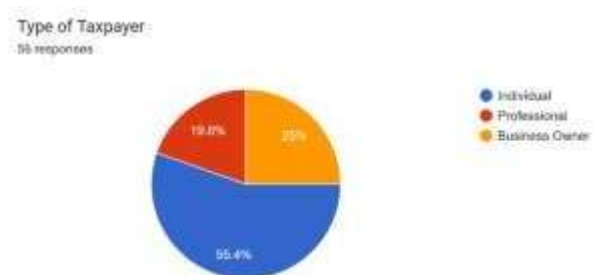
Interpretation: The type of taxpayer analysis shows that individual taxpayers form the majority at 55.4%. Business owners account for 25%, indicating a significant presence of entrepreneurial respondents. Professionals represent 19.6% of the total sample. Overall, the survey is mainly influenced by individual taxpayers, with moderate representation from business and professional categories.

**6.5   aware of digital filing (e-filing) of income tax returns**
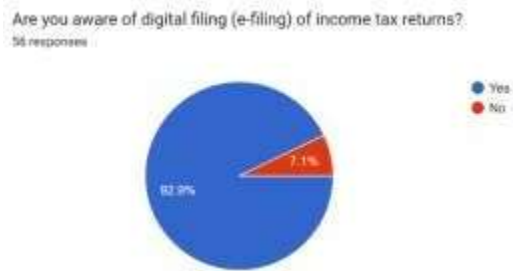
Interpretation: The analysis indicates a high level of awareness about digital filing (e-filing) of income tax returns among respondents. About 92.9% are aware of e-filing, while only 7.1% are not aware. This shows strong penetration of digital tax systems. Overall, e-filing awareness among taxpayers is very high.

**6.6   Have you filed your income tax return digitally**
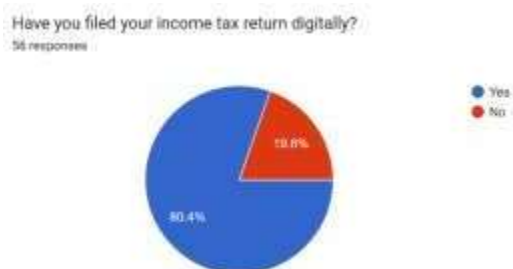
Interpretation: The analysis shows that 80.4% of respondents have filed their income tax returns digitally, indicating strong adoption of e-filing practices. However, 19.6% have not yet used digital filing, highlighting a small gap in usage. This suggests that while awareness is high, a few taxpayers still rely on traditional methods. Overall, digital tax filing is widely practiced among respondents.

6.7   How often do you file your income tax returns digitally
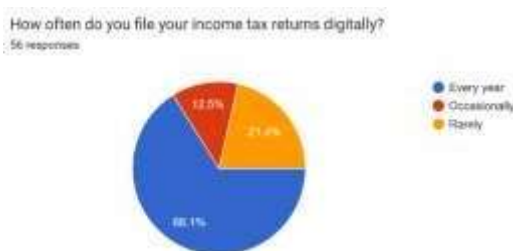

Interpretation: The results show that 66.1% of respondents file their income tax returns digitally every year, indicating regular usage of e-filing. About 21.4% file rarely, while 12.5% do so occasionally. This suggests that most taxpayers are consistent digital filers. However, a small portion still uses e-filing irregularly.

6.8   **use for filing income tax returns**
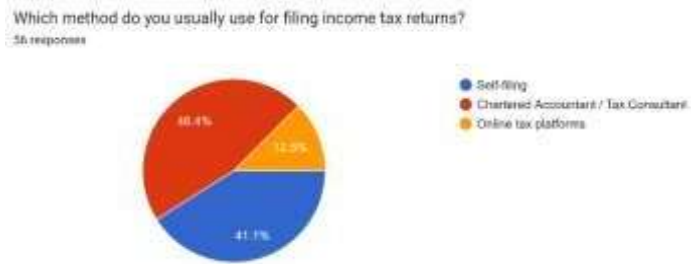

Interpretation: The analysis shows that 46.4% of respondents rely on Chartered Accountants or tax consultants for filing income tax returns. 41.1% prefer self-filing, indicating good digital confidence among taxpayers. Only 12.5% use online tax platforms. Overall, professional assistance remains the most commonly used method despite growing self-filing adoption.

**6.9**   **How easy do you find the digital filing process**
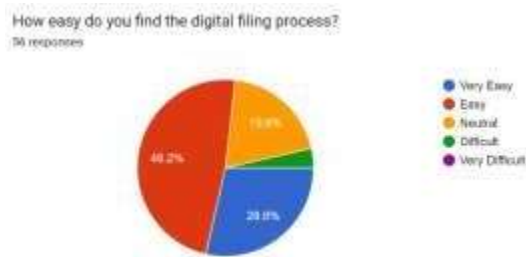
Interpretation: The findings show that most respondents find the digital filing process user- friendly. 48.2% feel it is easy, while 28.6% consider it very easy. About 19.6% remain neutral, and only a very small proportion find it difficult. Overall, the results indicate a positive user experience with digital income tax filing.

6.10   **Digital filing of income tax returns saves time compared to manual filing.**
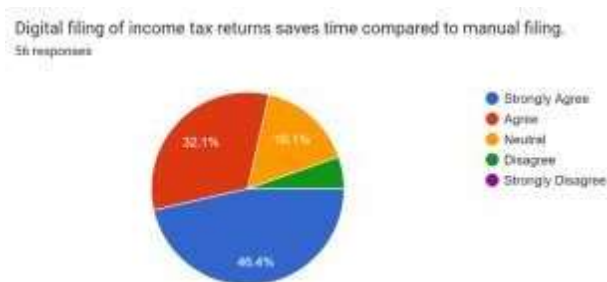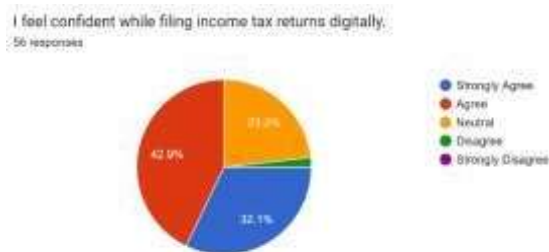

Interpretation: The results indicate a strong positive perception that digital filing saves time compared to manual filing. 46.4% of respondents strongly agree and 32.1% agree with this statement. 16.1% remain neutral, while only a very small percentage disagree. Overall, the majority believe that digital filing is time-efficient.

**6.11   The income tax e-filing portal is user-friendly.**
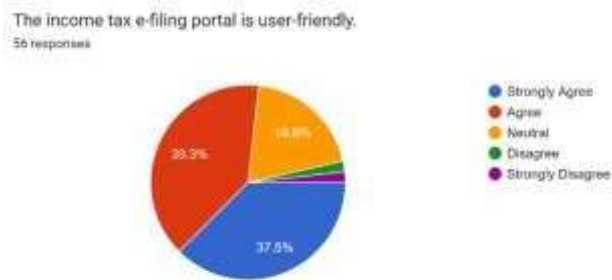
Interpretation: The findings indicate a positive perception of the income tax e-filing portal. 39.3% agree and 37.5% strongly agree that the portal is user-friendly. 19.6% remain neutral, while only a very small percentage disagree. Overall, most respondents are satisfied with the usability of the e-filing system.

6.12   I feel confident while filing income tax returns digitally.


Interpretation: The results show a high level of confidence among respondents in filing income tax returns digitally. 42.9% agree and 32.1% strongly agree that they feel confident while e-filing. About 23.2% are neutral, while only a very small percentage disagree. Overall, the majority are comfortable and confident with digital tax filing.

**6.13   Have you faced any technical issues while filing returns digitally**
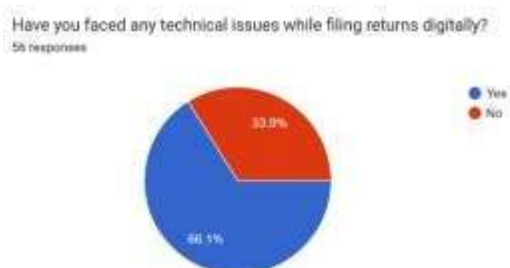
Interpretation: The analysis shows that 66.1% of respondents have faced technical issues while filing income tax returns digitally. Meanwhile, 33.9% reported no such issues. This indicates that although digital filing is widely used, technical challenges are still common. Addressing these issues could further improve user satisfaction with the e-filing system.

**6.14   If yes, what type of issues did you face**
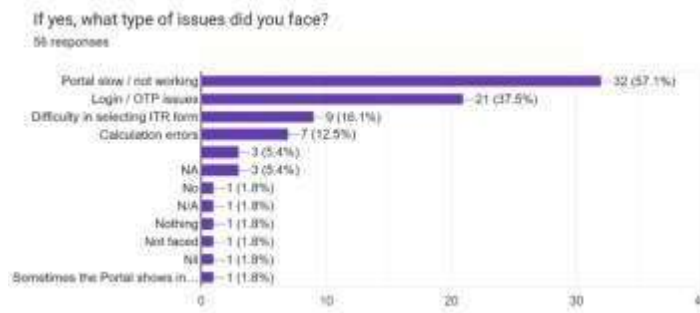
Interpretation: The analysis shows that the most common issue faced by respondents is portal slow or not working (57.1%). This is followed by login or OTP-related problems (37.5%), indicating technical access difficulties. Some respondents also reported difficulty in selecting the correct ITR form (16.1%) and calculation errors (12.5%). Overall, system performance and login issues are the major challenges in digital tax filing.

**6.15   Digital filing procedures are complicated for first-time users.**
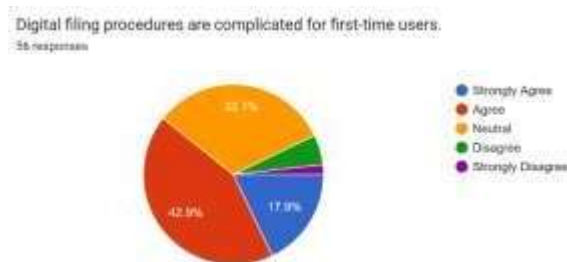
Interpretation: The results indicate that many respondents feel digital filing is challenging for first-time users. 42.9% agree and 17.9% strongly agree that the procedures are complicated. About 32.1% are neutral, while only a small percentage disagree. Overall, the findings suggest a need for better guidance and user support for new users.

6.16   Overall, how satisfied are you with digital filing of income tax returns
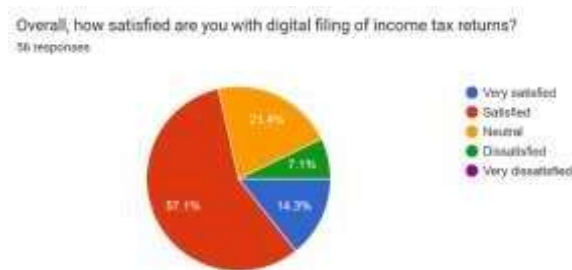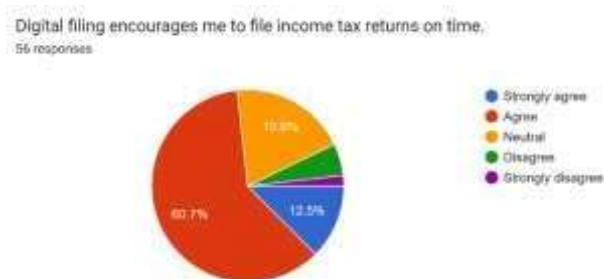

Interpretation: The analysis shows a generally positive level of satisfaction with digital income tax filing. 57.1% of respondents are satisfied and 14.3% are very satisfied, indicating majority approval. About 21.4% remain neutral, while only 7.1% are dissatisfied. Overall, most users are content with the digital filing system despite minor concerns.

6.17   Digital filing has improved transparency in the tax filing process.
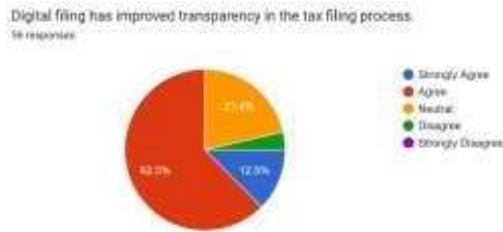
Interpretation: The results indicate strong agreement that digital filing has improved transparency in the tax filing process. 62.5% of respondents agree and 12.5% strongly agree with this statement. About 21.4% are neutral, while only a small percentage disagree. Overall, digital filing is widely viewed as enhancing transparency and accountability.

6.18   Digital filing encourages me to file income tax returns on time.

Interpretation: The analysis shows that digital filing positively influences timely tax compliance. 60.7% of respondents agree and 12.5% strongly agree that it encourages them to file returns on time. About 19.6% remain neutral, while only a small percentage disagree. Overall, digital filing plays an important role in promoting timely income tax return submission.

6.19   What improvements would you suggest to improve digital filing of income tax returns

Interpretation: The suggestions indicate that respondents mainly expect improvements in user interface and portal simplicity to make digital filing easier. Many highlighted technical issues such as server slowdown and errors near due dates, suggesting the need for better infrastructure support. Several respondents recommended using AI, pre-filled data, and step-by-step guidance to help users, especially beginners. Overall, there is a strong demand for a more efficient, user- friendly, and solution-oriented e-filing system.

VII.   DISCUSSION

Most of the respondents belong to the younger age group, indicating higher awareness and usage of online income tax filing among youth and young working individuals. Income tax e- filing is known to most respondents, and a considerable number of them regularly use digital platforms for filing their returns. Although self-filing has increased, chartered accountants and tax consultants continue to be the most preferred mode of filing for many taxpayers. Overall, the perception of e-filing is largely positive, as most respondents consider it easy, time-saving, and transparent. A majority of taxpayers feel confident while filing returns digitally, reflecting improved digital literacy. However, several respondents reported technical issues such as portal slowdowns, login and OTP problems, and server crashes,

especially near due dates. First-time users found the process somewhat complicated, highlighting the need for further simplification. Despite these challenges, most respondents expressed satisfaction with the digital filing system, though a notable proportion remained neutral. The system has encouraged timely submission of returns and enhanced transparency in tax administration. At the same time, respondents strongly recommended improvements in user interface, system efficiency, infrastructure stability, awareness programs, and the inclusion of AI-based assistance to make e-filing more user-friendly.

VIII.   CONCLUSION

The research clearly emphasizes that the digital filing of income tax returns has resulted in a substantial change in the Indian tax administration system. The respondents are well aware of the e-filing system and are actively utilizing it, which is a sign of the successful implementation of technology-based governance. The digital filing system has resulted in the reduction of manual work, increased transparency, reduced paperwork, and motivated taxpayers to comply with the income tax system on time.

However, the research also brings out some challenges that still exist in the practical experience of users. Many users have complained about technical problems such as the slowing down of the portal, login, OTP, and system crashes, especially during peak hours close to the due dates. This is frustrating and stressful, even for those users who are satisfied with e-filing. Fresh taxpayers may find the process complicated because of a lack of clarity in choosing the right forms of ITR and tax terms.

Though most of the respondents were satisfied with the digital filing system, the presence of neutral and dissatisfied responses suggests that there is room for improvement. The suggestions made by the respondents include the need for a simpler and more user-friendly interface, better infrastructure support, awareness programs, and the inclusion of advanced technologies such as artificial intelligence. Pre-filled information, step-by-step assistance, alerts for errors, and support for multiple languages would make a huge difference.

In conclusion, although the digital income tax filing system has been successful in modernizing the tax filing process and achieving great success, it is important to work towards improving the system to make it more inclusive, efficient, and reliable. By working to improve the system's capacity and support mechanisms, the digital tax filing system can help to increase taxpayer satisfaction and create a more effective tax system.

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