

## **A STUDY ON INCOME TAX PAYERS' PERCEPTION TOWARDS E-FILING WITH REFERENCE TO JAYARAM ACHAR & CO., BENGALURU**

**YOGASHREE V<sup>1</sup>**

<sup>1</sup>1DA21BA059, Department of MBA, Dr. Ambedkar Institute of Technology, Bengaluru 560056.

**Dr. S BASKARAN<sup>2</sup>**

<sup>2</sup>Professor and HOD, Department of MBA, Dr. Ambedkar Institute of Technology, Bengaluru 560056.

### **ABSTRACT**

The study undertakes on the evaluation of the perceptions of income taxpayers towards e-filing, a digital method of filing tax returns. E-filing helps in simplifying the process of submitting Income Tax Returns electronically, making it more convenient, efficient, and environment friendly compared to traditional paper-based filing methods. The category of investigation conducted is Descriptive research, the data is collected from a structured questionnaire by 150 clients or income taxpayers, to understand the factors influencing their attitudes and preferences towards e-filing and to analyze the satisfaction level of the participants towards e-filing. Data collected is analyzed by using statistical tools like Chi-square, ANOVA, and Correlation. The overall study concludes that most of the participants are aware about e-filing. Consistently, they file their returns through electronic means, the participants are highly pleased by the e-filing procedure, and they tend to recommend this to others also.

**KEYWORDS:** Income Tax(IT), Income Tax payers' perception, Electronic filing, E-filing, Filing of Returns, ITRs,

### **INTRODUCTION TO THE STUDY**

E-filing, also known as electronic tax filing, enables individuals to file their taxes electronically to a revenue service, typically without the requirement to submit any physical paper documents. It's secure and efficient, providing individuals and businesses with a convenient way to submit their required documents to government agencies or other relevant organizations. E-filing was initially introduced in India in September 2004 on a voluntary basis. However, beginning in July 2006, it became compulsory for all corporations to electronically file their income tax returns. Companies and firms that fall under the purview of section 44AB and require a statutory audit are obligated to electronically file their Income Tax returns. E-filing can be done

either with or without a digital signature. Starting from the assessment year 2010-11, companies are required to have a digital signature for e-filing.

### **STATEMENT OF THE PROBLEM**

The E-filing of Income tax has attracted considerable interest from various sources of revenue authorities in developed countries, particularly regarding taxpayers' satisfaction. However, the study was limited to a company clients in Bengaluru. E-filing offers several advantages such as time and effort savings by eliminating the need to visit tax offices or mail paper returns. Despite these benefits, taxpayers face challenges when using the e-filing system due to their limited familiarity with electronic transactions and lack of computer skills. Consequently, it is crucial to scrutinize the satisfaction levels and obstacles experienced by individual taxpayers about e-filing their ITRs.

### **NEED FOR THE STUDY**

The study can reveal the rate at which e-filing systems are adopted and uncover obstacles or difficulties that may impede their widespread usage. Additionally, it can assist in evaluating the efficiency of these systems, pinpointing areas for improvement or potential obstacles that require attention. Moreover, it can aid in estimating and comprehending the efficiency of e-filing systems in encouraging compliance and accuracy in tax reporting. Lastly, it can offer valuable perspectives regarding the user experience and overall contentment with the electronic filing process.

### **OBJECTIVES OF THE STUDY**

- To analyse the satisfaction of assesses and get feedback on e-filing and to understand the factors influencing their attitudes and preferences of income taxpayers towards the amenity and efficiency of e-filing.
- To understand the elements that impact the income taxpayers' perceptions towards e-filing.
- To ascertain the barriers or difficulties encountered by income taxpayers in adopting and using e-filing.

### **REVIEW OF THE LITERATURE**

**Adarsh Taksande, Himanshu Soni,[1]** in their study the research findings indicate that the utilization of electronic filing (E-filing) for income tax returns facilitates the process by enabling taxpayers to file their taxes through online platforms. Given the increasing prevalence of digital tools and mediums, E-filing offers a convenient solution that leverages technology. The purpose of the study is to assess taxpayers' awareness and satisfaction levels regarding E-filing, and also to address the challenges faced by taxpayers during the E-filing process.

**Pritesh Thakar, Rahul Tepan, Dr. Aashka Thakkar,[2]** this paper highlighted the importance of tax professionals in the implementation of income tax law and their contribution to efficient tax management and fulfilling tax obligations was emphasized in this paper. They possess extensive knowledge of the intricacies of tax law, tax administration, and the challenges faced by taxpayers. Therefore, their perspectives on the E-filing of IT were explored to develop a deeper understanding of different facets of the income tax system.

**M. Thivya Bharathi, Dr. S P. Mathiraj,[3]** the paper presents the significant advantages of E-filing as a powerful tool for delivering essential social and economic benefits. The paper focuses on assessing taxpayers' perspectives regarding E-filing returns, employing a method of collecting primary data that involves stabilized questionnaires filled out by respondents and analysed using SPSS. The study utilized descriptive statistics, reliability tests on perception, and factor analysis to examine the satisfaction levels of the participants.

**Dr. R Sathyadevi, Resmi B,[4]** the paper explores the effect of internet on the world's digital transformation and highlights e-filing as a significant innovative online service. The advent of e-governance has paved the way for the development of e-filing of IT returns via the internet. This system offers convenience to taxpayers by allowing them to file their returns from the comfort of their homes, ultimately reducing data entry time. The paper aims to investigate the idea of e-filing, assess the awareness level, and examine the extent of e-filing usage among individual taxpayers in Palakkad taluk.

### **RESEARCH GAP**

Examine taxpayers' experiences when using e-filing platforms. Examine the usability, friendliness, and clarity of the instructions offered during the e-filing procedure. Identify possible areas where enhancements can be made in order to improve customer happiness and reduce errors. Determine the specific obstacles and issues that taxpayers have while using e-filing technologies. Investigate issues such as data security, privacy concerns, technical difficulties, and support service availability.

### **TYPE OF RESEARCH**

The category of investigation conducted is Descriptive research, which is a scientific investigation approach that seeks to outline and record the attributes, actions, or occurrences of a specific subject or group.

### **SCOPE OF THE STUDY**

The study aims to investigate the perception of income taxpayers specifically related to the process and benefits of e-filing. The study focused on a specific group of participants, such as individual income taxpayers, who have experience with e-filing, and limited to Bengaluru region. It is limited to analysing the perception, satisfaction and awareness level.

### SOURCES OF DATA COLLECTION

- ❖ **Original Data:** Original data (Primary data) is acquired using structured questionnaires and survey. Questions were formulated to create a questionnaire related to e-filing, advantages, disadvantages, factors, and perceptions. Responses were collected from selected clients using Google form.
- ❖ **Preexisting data:** Preexisting data (Secondary data) is collected from the web search, journals, and published articles related to the topic.

### SAMPLING METHOD & SAMPLE SIZE

‘Simple random sampling’ method is used in the study, it is a method used in statistics where every member of a population has an equal chance of being selected for a sample. The 150 clients out of 1500 clients from whom the responses are collected are the sample size.

### STATISTICAL TOOLS AND TECHNIQUES

Percentage analysis, Chi-square ( $\chi^2$ ), ANOVA, and correlation are used to analyse the data.

### DATA ANALYSIS AND INTERPRETATION

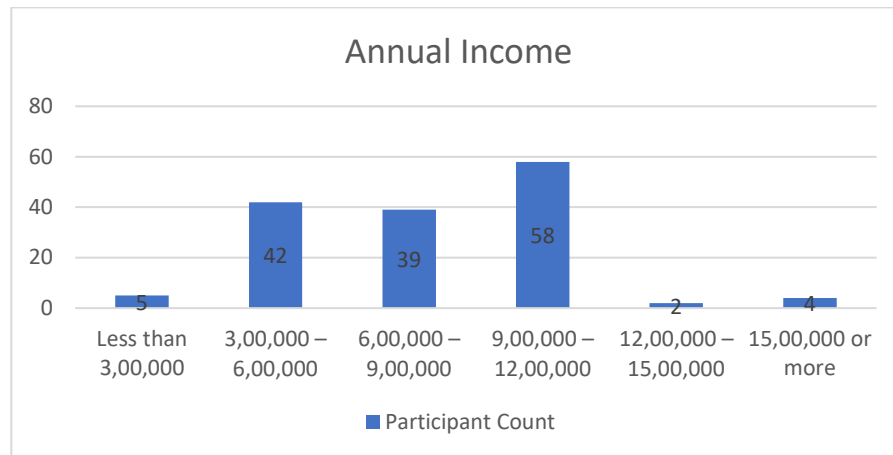
**Table 1: -Table indicating the participants' Annual Income.**

Annual Income	Participant Count	%
Less than 3,00,000	5	3.3
3,00,000 – 6,00,000	42	28
6,00,000 – 9,00,000	39	26
9,00,000 – 12,00,000	58	38.7
12,00,000 – 15,00,000	2	1.3
15,00,000 or more	4	2.7
<b>Total</b>	<b>150</b>	<b>100</b>

#### Analysis:

The preceding table points out the participants' Annual Income which are categorized as less than 3,00,000, 3,00,000 – 6,00,000, 6,00,000 – 9,00,000, 9,00,000 – 12, 00,000, 12,00,000 – 15,00,000, and 15,00,000 or more and the frequency of respondents is 3.3%, 28%, 26%, 38.7% 1.3% and 2.7% respectively.

#### Graph 1: - Graph indicating the participants' Annual Income.



### Interpretation:

The preceding chart represents the classification of respondents based on their annual income, from the research, it could potentially be interpreted that there were 5 individuals i.e., 3.3% of participants whose income lies below 3,00,000. There were 42 individuals i.e., 28% of participants whose income lies within 3,00,000 to 6,00,000. There were 39 individuals i.e., 26% of participants whose income lies within 6,00,000 to 9,00,000. There were 58 individuals i.e., 38.7% of participants whose income lies within 9,00,000 to 12,00,000. There were only 2 individuals i.e., 1.3% of participants whose annual income lies within 12,00,000 to 15,00,000. There were 4 individuals i.e., 2.7% of participants whose annual income is 15,00,000 or higher. Most of the participants fall under the income level of 9,00,000 to 12,00,000.

**Table 2: -Table showing the reasons for choosing e-filing.**

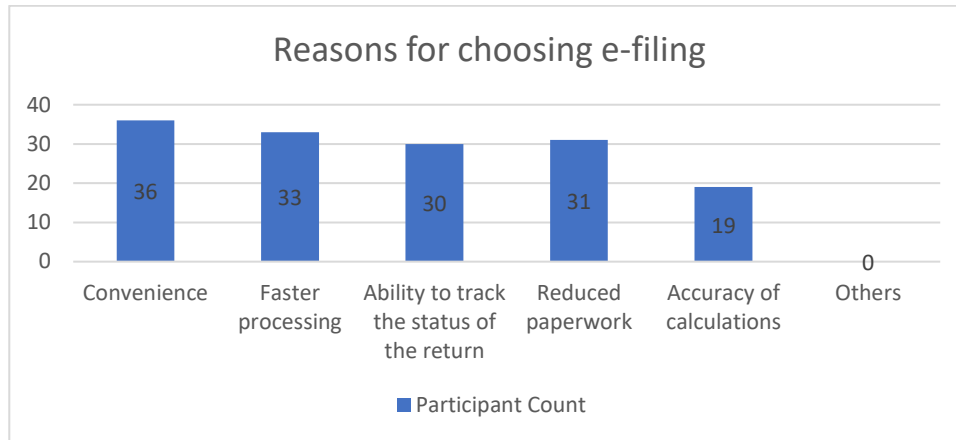
Reasons	Participant Count	%
Convenience	36	24.2
Faster processing	33	22.1
Ability to track the status of the return	30	20.1
Reduced paperwork	31	20.8
Accuracy of calculations	19	12.8
Others	-	-
<b>Total</b>	<b>150</b>	<b>100</b>

### Analysis:

The above table shows the reasons for choosing e-filing of the respondents which is categorized as Convenience, Faster processing, Ability to track the status of the return, Reduced paperwork, Accuracy of calculations, and Other, and the frequency of respondents is 24.2%, 22.1%, 20.1%, 20.8%, 12.8 and not a

single one responded for others.

**Graph 2: - Graph showing the reasons for choosing e-filing.**



### Interpretation:

The above graph represents the reasons for choosing E-filing over manual-filing, the study points out that 36 respondents cited convenience as their key reason for choosing e-filing. This indicates that 24.2% of them find electronic filing more straightforward and user-friendly compared to dealing with paper documents and physical mail. 33 respondents mentioned faster processing as their motivation for e-filing. This suggests that 22.1% of them appreciate the quicker turnaround time that e-filing provides, likely receiving their tax refunds or processed documents faster compared to traditional methods. 30 (20.1% ) respondents value the feature of being able to track the status of their returns when using e-filing. 31 individuals i.e., 20.8% of respondents prefer e-filing because it reduces the amount of paperwork they need to handle. 19 individuals i.e., 12.8% of respondents consider the accuracy of calculations as an essential factor in their choice to e-file. Because they trust the electronic system to undertake exact calculations for their tax returns or other important documents.

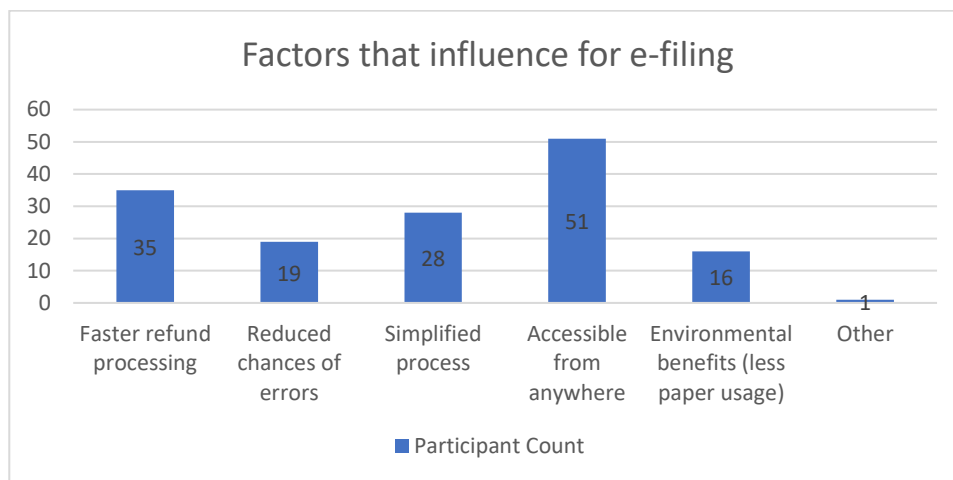
**Table 3: -Table showing the factors that influence for e-filing.**

Factors	Participant Count	%
Faster refund processing	35	23.3
Reduced chances of errors	19	12.7
Simplified process	28	18.7
Accessible from anywhere	51	34
Environmental benefits (less paper usage)	16	10.7
Other	1	0.7
<b>Total</b>	<b>150</b>	<b>100</b>

### Analysis:

The above table shows the factors that influence for e-filing which is categorized as Faster refund processing, Reduced chances of errors, Simplified process, Accessible from anywhere, Environmental benefits (less paper usage), and Other. The frequency of respondents is 23.3%, 12.7%, 18.7%, 34%, 10.7% and 0.7% respectively.

**Graph 3: - Graph showing the factors that influence for e-filing.**



### Interpretation:

The above graph represents the factors that influence for e-filing, the study depicts those 35 individuals i.e., 23.3% of respondents mentioned that the speed of getting their refunds was a significant factor in choosing e-filing. 19 individuals i.e., 12.7% of respondents stated that the decreased likelihood of making errors while e-filing influenced their decision. 28 individuals i.e., 18.7% of respondents appreciated the simplicity of the e-filing process. 51 individuals i.e., 34% of respondents cited the ability to access e-filing services from anywhere. This means taxpayers can file their documents online, eliminating the need to physically visit a tax office or mailing in paperwork. 16 individuals i.e., 10.7% of respondents acknowledged the environmental advantages of e-filing, particularly the reduction in paper usage. By going digital, e-filing contributes to a greener approach, minimizing paper waste. 1 individual i.e., 0.7% of respondent mentioned some other factor which is not specified.

**Table 4: -Table showing the disadvantages of e-filing.**

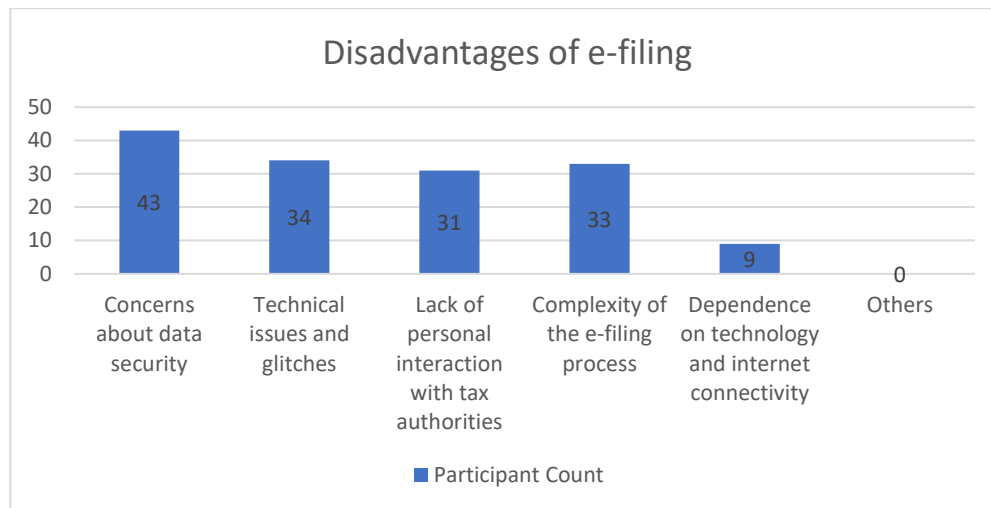
Disadvantages	Participant Count	%
Concerns about data security	43	28.7
Technical issues and glitches	34	22.7
Lack of personal interaction with tax authorities	31	20.7

Complexity of the e-filing process	33	22
Dependence on technology and Internet connectivity	9	6
Others	-	-
<b>Total</b>	<b>150</b>	<b>100</b>

#### Analysis:

The above table shows the disadvantages of e-filing which are categorized as Concerns about data security, Technical issues and glitches, Lack of personal interaction with tax authorities, Complexity of the e-filing process, Dependence on technology and internet connectivity, and Others. The frequency of respondents is 28.7%, 22.7%, 20.7%, 22% and 6% respectively.

**Graph 4: - Graph showing the disadvantages of e-filing.**



#### Interpretation:

The above graph represents the disadvantage of e-filing, the study shows depicts those 43 (28.7%) individuals expressed worries about the safety and confidentiality of their personal and financial information while e-filing their tax returns. 34 (22.7%) respondents faced technical challenges and encountered errors or glitches while attempting to e-file their taxes. 31 (20.7%) individuals expressed dissatisfaction with the absence of direct face-to-face interaction with tax authorities during the e-filing process. They might prefer the traditional method of physically visiting tax offices to discuss their tax-related concerns. 33 (22%) respondents found the process of e-filing to be complex and potentially difficult to understand. 9 (6%) mentioned concerns related to relying on technology and stable internet connectivity for e-filing. They may worry about technical failures, internet outages, or not having access to the necessary technology for the process.



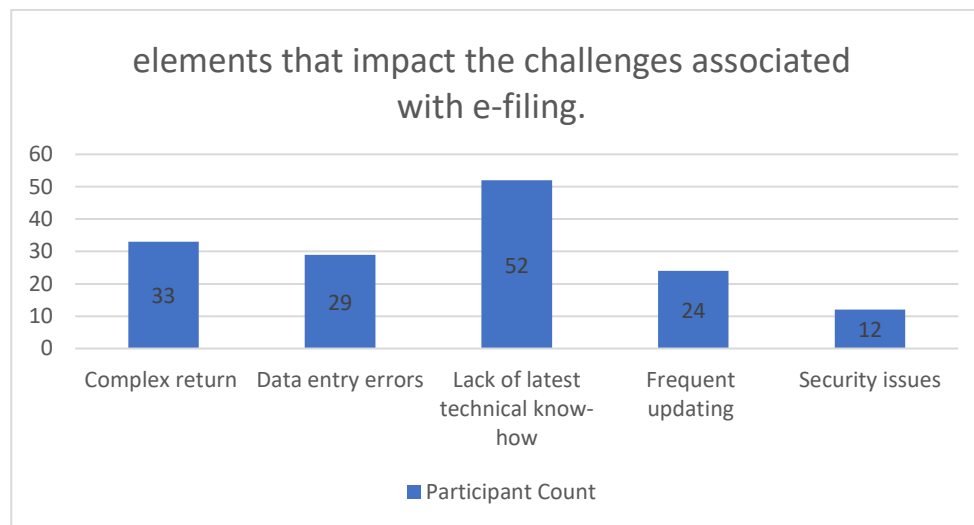
**Table 5: -Table showing the elements that impact the challenges associated with e-filing.**

Elements	Participant Count	%
Complex return	33	22
Data entry errors	29	19.3
Lack of latest technical know-how	52	34.7
Frequent updating	24	16
Security issues	12	8
<b>Total</b>	<b>150</b>	<b>100</b>

**Analysis:**

The preceding table points out the elements that impact the challenges associated with e-filing, which are categorized as Complex return, Data entry errors, Lack of latest technical know-how, Frequent updating, and Security issues. The frequency of respondents is 22%, 19.3%, 34.7% 16% and 8% respectively.

**Graph 5: - Graph showing the elements that impact the challenges associated with e-filing.**



**Interpretation:**

The above graph represents the elements that impact the challenges associated with e-filing, the investigation shows that 33 (22%) respondents mentioned complex return as a factor that influences the problem of e-filing. 29 (19.3%) participants conveyed that data entry errors made a contribution to the problem of e-filing because of inaccuracies or mistakes made during the process. 52 (34.7%) respondents reported that lack of latest technical know-how is a factor that affects e-filing. It conveys that most of the individuals have faced struggles with the electronic filing process due to lack of up-to-date understanding and knowledge of the technical aspects involved. 24 (16%) respondents mentioned frequent updating of the software as an influencing factor and some users cannot keep up with the changes. 12 (8%) respondents identified security

issues as a problem with e-filing owing to they are pensive about the safety and privacy of sensitive tax information, which might discourage some individuals from using electronic filing methods.

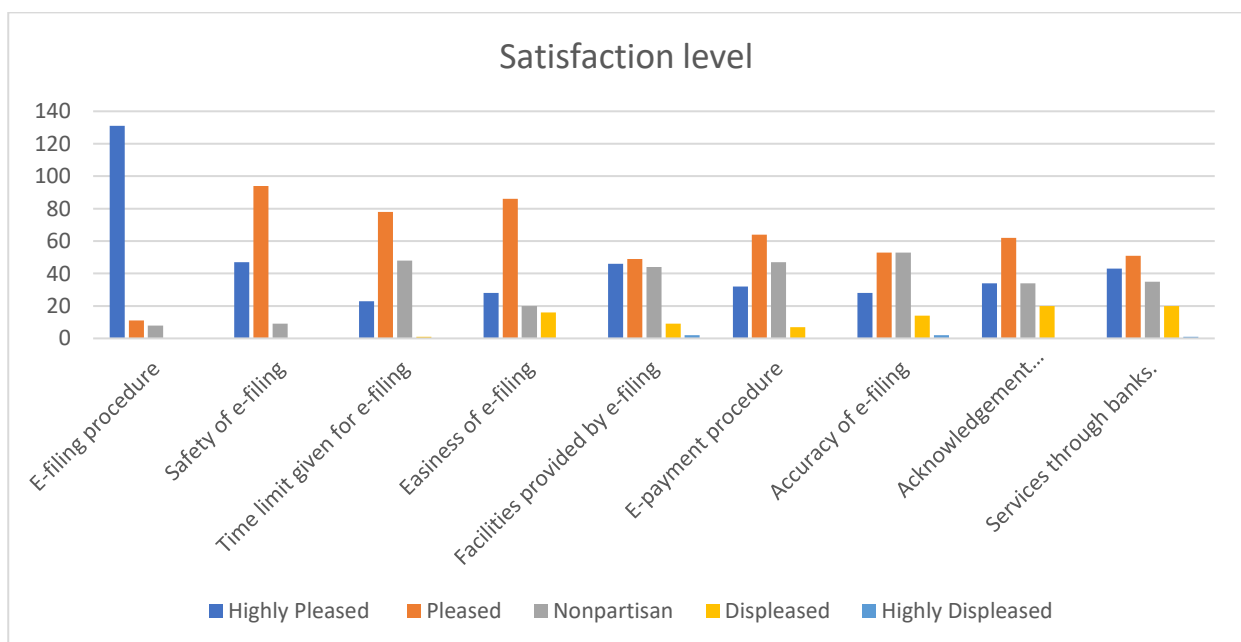
**Table 6: -Table indicating the satisfaction level towards E-filing.**

PARTICULARS	Highly Pleased	Pleased	Nonpartisan	Displeased	Highly Displeased
E-filing procedure	131	11	8	-	-
Safety of e-filing	47	94	9	-	-
Time limit given for e-filing	23	78	48	1	-
Easiness of e-filing	28	86	20	16	-
Facilities provided by e-filing	46	49	44	9	2
E-payment procedure	32	64	47	7	-
Accuracy of e-filing	28	53	53	14	2
Acknowledgement generated by e-filing system.	34	62	34	20	-
Services through banks.	43	51	35	20	1

**Analysis:**

The preceding table points out the satisfaction level towards E-filing, which are categorized as Highly Pleased, Pleased, Nonpartisan, Displeased and Highly Displeased.

**Graph 6: - Graph indicating the satisfaction level towards E-filing.**



### Interpretation:

The above graph represents the satisfaction level towards the E-filing of respondents, as per the analysis it could potentially be interpreted that most of participants i.e., 131 participants are Highly Pleased with the e-filing procedure.

The safety of e-filing seems to have mixed responses, with a larger number of respondents being pleased (94) compared to those highly Pleased (47).

The time limit given for e-filing appears to be less satisfactory, while a significant number of respondents (78) are pleased.

The easiness of e-filing has mixed responses, where 86 participants are pleased.

The facilities provided by e-filing have a relatively balanced distribution, with 46 respondents being highly pleased.

The e-payment procedure has mixed satisfaction levels as well, with 64 respondents being pleased.

The accuracy of e-filing shows a relatively balanced distribution among respondents, with equal numbers of pleased (53) and nonpartisan (53) opinions.

The acknowledgement generated by the e-filing system has varied responses, with 62 respondents being pleased.

The services provided through banks in relation to e-filing show mixed responses, with 51 respondents being Pleased.

### ❖ Chi-square

#### Hypothesis

H0: There is no substantial association between the annual income of participants and the reasons for choosing e-filing.

H1: There is a substantial association between the annual income of participants and the reasons for choosing e-filing.

#### Annual income \* What were the reasons for choosing e-filing? Crosstabulation

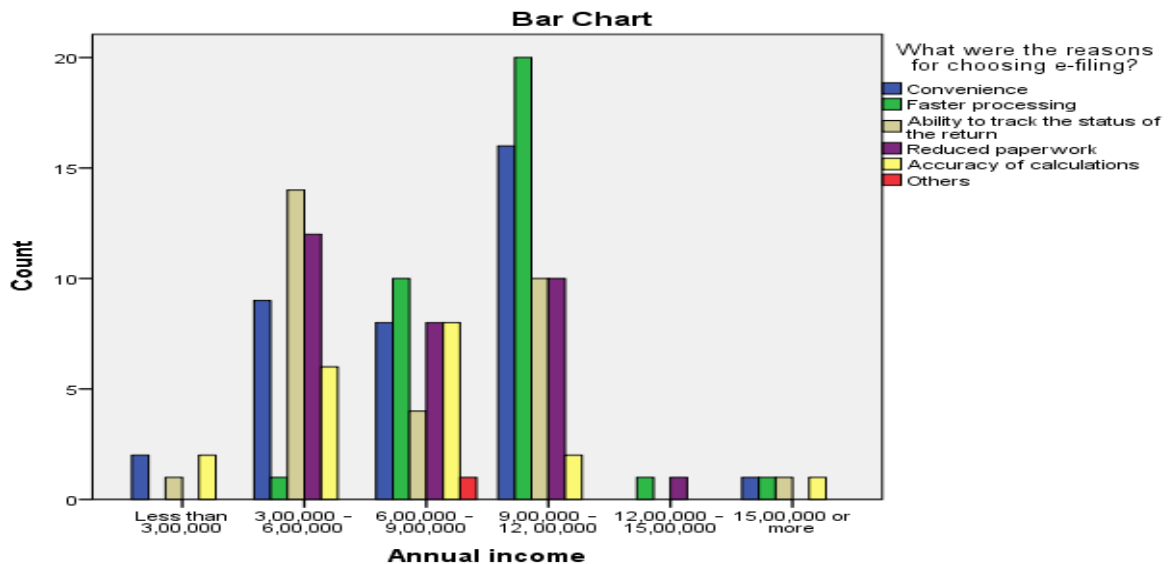
Count

		What were the reasons for choosing e-filing?						Total
		Convenience	Faster processing	Ability to track the status of the return	Reduced paperwork	Accuracy of calculations	Others	
Annual income	Less than 3,00,000	2	0	1	0	2	0	5
	3,00,000 – 6,00,000	9	1	14	12	6	0	42

6,00,000 – 9,00,000	8	10	4	8	8	1	39
9,00,000 – 12, 00,000	16	20	10	10	2	0	58
12,00,000 – 15,00,000	0	1	0	1	0	0	2
15,00,000 or more	1	1	1	0	1	0	4
Total	36	33	30	31	19	1	150

### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	38.109 <sup>a</sup>	25	.045
Likelihood Ratio	45.360	25	.008
Linear-by-Linear Association	5.495	1	.019
N of Valid Cases	150		



### Interpretation:

From the output of SPSS, it could potentially be inferred that, t cal. value = 0.045

t tab. value at 0.05 level of significance is 37.652

Therefore, t tab. > t cal.

$$37.652 > 0.045$$

Hence null hypothesis is accepted and the alternative hypothesis is rejected and it could potentially be

interpreted that there is no substantial association between the annual income of participants and the reasons for choosing e-filing.

### ❖ ANOVA

#### Hypothesis

H0: There is no substantial association between factors that influence for e-filing and satisfaction level towards e-filing with respect to E-filing procedure.

H1: There is a substantial association between factors that influence for e-filing and satisfaction level towards e-filing with respect to E-filing procedure.

#### ANOVA

Satisfaction level towards - E-filing procedure

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.158	5	.232	.902	.482
Within Groups	36.982	144	.257		
Total	38.140	149			

#### Interpretation:

From the output of SPSS, it could potentially be inferred that,

P value = 0.482

Level of significance (LOS): 0.05

Therefore, P value > LOS

i.e.,  $0.482 > 0.05$

Hence null hypothesis is accepted and the alternative hypothesis is rejected and it could potentially be interpreted that there is no substantial association between factors that influence for e-filing and satisfaction level towards e-filing with respect to E-filing procedure.

### ❖ Correlation

#### Hypothesis

H0: There is no substantial association between disadvantages of e-filing and elements that impact the challenges associated with e-filing.

H1: There is a substantial association between disadvantages of e-filing and elements that impact the

challenges associated with e-filing.

### Correlations

		Disadvantages of e-filing	Elements that impact the challenges associated with e-filing.
Disadvantages of e-filing	Pearson Correlation	1	.214**
	Sig. (2-tailed)		.008
	N	150	150
Elements that impact the challenges associated with e-filing.	Pearson Correlation	.214**	1
	Sig. (2-tailed)	.008	
	N	150	150

### Interpretation:

From the output of SPSS, the correlation is 0.214, which means it is positively correlated, hence the alternative hypothesis is accepted and the null hypothesis is rejected and it could potentially be stated that there is a substantial association between disadvantages of e-filing and elements that impact the challenges associated with e-filing.

### FINDINGS

- Majority of the participants fall under the annual income level of ₹ 9,00,000 to ₹ 12,00,000.
- Respondents choose e-filing in the consequence of its convenience.
- 51 respondents stated that the capacity to access e-filing services from anywhere, so this is the major factor that influence for e-filing.
- A major disadvantage of e-filing is that the participants are concerned about the data security.
- 52 respondents indicated that lack of technical know-how is element that impact the challenges associated with e-filing.
- Most of the participants are Highly Pleased with the E-filing procedure, and 96.7% of the participants trust the security measures of e-filing.
- There is no substantial association between the annual income of participants and the reasons for choosing e-filing.

- There is no substantial association between factors that influence for e-filing and satisfaction level towards e-filing with respect to E-filing procedure.
- There is a substantial association between disadvantages of e-filing and elements that impact the challenges associated with e-filing.

### **SUGGESTIONS**

Since respondents cited convenience as a major reason for choosing e-filing, emphasizing this aspect in marketing campaigns, stress should be given to, how e-filing saves time and effort compared to traditional filing methods. The software should provide easy-to-understand guides and possibly a helpline for troubleshooting. Continue awareness campaigns through various channels to reach a broader audience and maintain the momentum of adoption. The participants conveyed high satisfaction with e-filing, continue to prioritize user experience and customer satisfaction and encourage feedback from users to identify areas of improvement and make necessary enhancements finally, consider implementing referral programs or incentives for users who refer others to use e-filing.

### **CONCLUSION**

The study reveals that e-filing has become a preferred method for tax compliance, especially among employed individuals. The main factors influencing the adoption of e-filing are its convenience and accessibility, with the ability to access e-filing services from anywhere, is a major driving force. Nevertheless, worries regarding data security and a lack of technical know-how have been identified as potential barriers to wider adoption. Despite these concerns, the study reveals an overwhelming level of satisfaction with the e-filing procedure, with a majority of respondents expressing trust in the security measures of e-filing. This high level of satisfaction and trust indicates that the current e-filing system is effective and reliable. But the research was limited to a client of a particular company, so the perception of other taxpayers, may not be the same, and based on this the overall recommendation may not be made.

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