

A Study on Role of Digitalization in Direct Tax Compliance; Evaluation of Awareness, Usage, User Satisfaction, and Perception of Individual Taxpayers' in Nashik City

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ABSTRACT:

An important aspect of today's economy is taxation. It provides the funds needed for the government to carry out its duties and promote economic and social growth. The Indian tax system is changing over time in response to economic shifts, social needs, and government strategies. The adoption of digitalization in India is an example of a development aimed at improving the tax system and promoting tax compliance. This study delves into the complex landscape of taxpayer perspectives and focuses on the predictive role of digitization in direct tax compliance in Nashik. It aims to use the unique perspectives of working professionals and going deeper into the opinions that guide their tax decisions and behaviours. Highlighting its relevance, the research also provides actionable insights to policymakers and individual taxpayers, emphasizes the important role of public opinion in increasing the efficiency and effectiveness of the tax system.

INTRODUCTION:

Digitalization in tax administration has become a significant focus across the world and Nashik City is no exception. As the tax landscape develops, it is important to understand the perception of digital transformation among taxpayers in Nashik City to optimize compliance strategies and increase taxpayer satisfaction. The objective of this study is to explore how individual taxpayers in Nashik perceive the shift towards digital tools and platforms for direct tax compliance.

In the field of direct taxation, digitalization plays an important role in increasing efficiency, accuracy and transparency of tax related processes. The changes are driven to improve tax administration, reduce compliance costs, and improve the overall experience for taxpayers. Additionally, understanding the perception of taxpayers in Nashik City helps to identify areas for improvement, help tax authorities to address concerns, and to ensure that digital tools meet the needs and expectations of taxpayers.

The advent of digital tools has greatly improved the accuracy of tax compliance, automation reduced errors in tax calculations, and This ensures that taxpayers file accurate tax returns. This not only reduces the chances of disputes and audits; but it also increases the ability to predict tax implications. For taxpayers Especially, those who do not have specialized knowledge about tax regulations, digital tools simplify complex calculations and ensure compliance with the latest tax laws and regulations.

Taxation as a fiscal policy tool plays an important role in shaping a country's economy by generating revenue for public spending and financing essential services. Tax reforms are introduced from time to time to align fiscal policy with changing economic conditions and social needs. The recent introduction of digitization of direct taxes, led to debate and discussion regarding user awareness, usability, and satisfaction of different parts of the population. This study is not only for academic importance, but there are also practical implications for policymakers, tax authority, and individual taxpayers as well.

Nashik, a city known for its historical importance and increasing economic activities, serves as an excellent backdrop for this research study. Nashik's working professionals from a wide range of sectors and professions bring a wide range of perspectives, aspirations, and experiences. Understanding their perceptions of digitalization in direct tax compliance can provide valuable insights into the effectiveness of the changes taking place and potential areas for improvement. Also, this study aims to bridge the gap between existence and reality.

Literature Review:

Theoretical Background:

Digitalization in tax compliance refers to the process of using digital tools and technologies to improve and automate tax-related processes. This includes using online platforms, electronic document storage system, and digital database to improve the efficiency, accuracy, and transparency of tax compliance. Digitization is considered a key driver in the tax sector to improve tax administration and increasing compliance rates around the world.

Transformation of direct taxes in India has become a significant focus for the government, especially in the last few years. Launch of the Income Tax Department's e-filing portal, use of PAN (Permanent Account Number), Aadhaar to link financial transactions, and the use of the Goods and Services Tax (GST) were crucial in the digital transformation process. The government's initiative to digitize tax administration aims to enhance transparency, reduce corruption, and make tax compliance more convenient for taxpayers.

Literature Review of Existing Researches:

Dr. Kavita Chavali (2020) stated that changing business scenario, high end technologies, globalization, web of tax rules and the dire need for transparency in the system has made digitization of taxation a “must have” rather than “good to have” for tax authorities as well as tax payers. As advanced technologies are now available, it is imperative to make changes and avail of the benefits of the digitization to increase competitiveness and also to mitigate risk.

[Rosario, S., & Chavali, K. (2020). Digitization of taxation in the changing business environment & base erosion & profit shifting (BEPS) special reference to India. Eur Sci J, 16(1), 61-74.]

Adefulu Adesoga and Makinde Grace Olubisi (2024) demonstrated that tax digitalisation dimensions (electronic audit, electronic tax filing, online payment systems, and electronic reporting) had positive and

significant effect on revenue tax compliance. This study recommends that management should encourage submitting tax returns online, accept payment online, and electronic reporting sharing of up-to-date information to improve revenue tax compliance. More electronic reporting could enhance revenue tax compliance. As such to improve tax compliance there is the need to ensure that there is synergy between perceived ease of use and usefulness of the digitalisation system by taxpayers.

[Adefulu Adesoga and Makinde Grace Olubisi (2024), *Tax Digitalisation and Revenue Tax Compliance: The Empirical Approach*, *International Journal of Entrepreneurial Development, Education and Science Research*, Vol. 8.]

Imad AIT LHASSAN (2022) stated that the service quality of e-tax systems and the perception of lower compliance costs due to e-tax systems influence tax compliance intention among tax professionals. The results encourage the tax authority to expand and improve e-Filing systems, ultimately leading to better tax compliance.

[Ait Lhassan, I., Bedraoui, O., & Akhannich, O. (2022). *The Impact of Digital Transformation on the Satisfaction of Tax Administration Users in Morocco during the Covid-19 Pandemic: An Empirical Study*. *European Journal of Management Issues*, 30(1), 48-57.]

Y. Mpofu (2022), Digitalization has intensified globalization and economic interactivity between countries both developed and developing, increasing the complexity and lack of transparency in economic activities. The increase in digital transactions poses a remarkable challenge for tax authorities yet the digital economy is slowly replacing traditional commercialization and transactions. Conventional international tax legislation has not kept abreast with the growth and complexity of the digital economy and its accompanying challenges with respect to taxation. In view of the infant nature of digital tax legislation in African countries as well as the auspicious possibility of increasing tax revenue to fund public expenditure together with the probability of contradictory outcomes of digital tax policy, through a critical literature review this paper assesses digital taxation through direct digital service taxes (DSTs) in Africa. The findings were mixed. While the possibility of tax revenue maximization and improved economic growth were persuasive, the arguments pointing to negative externalities emanating from poor digital service tax policy design were equally pragmatic.

[Mpofu, F. Y. (2022). *Taxation of the digital economy and direct digital service taxes: Opportunities, challenges, and implications for African countries*. *Economies*, 10(9), 219.]

AIFTP (2023), Taxation has been present in our lives since ancient times, transcended the medieval period, and reached the modern state, where it has been revolutionised by digitalization. Digitalization, with its mechanisms of e-filing, invoice, e-verification, pre-filled ITR forms, and e-assessment, has transformed the regime of taxation in India. The new era of digitization has enabled the shift in transactions from the use of cash to a cashless transaction using a unified payment interface (UPI), which helps to keep track of the money transferred and earned. Additionally, digitization has enabled the government to implement more efficient and targeted tax collection strategies, resulting in a more equitable distribution of tax burdens among the population.

[Part, A., & Part, B. *The Role of Digitalization in Widening the Income-Tax Base*.]

Dr. Bachha Kumar Rajak (2019), Around the world, the technology has increased digitalization and unprecedented flow of information is causing the tax across nations. Through the digital transformation it creates

to re-think and re-examine the modes of the introduction of new technologies and analytical tools and to transform into “Digitally Tax Administrations data processing technologies and automation capabilities, the tax-risk and data-based decision-making, has become a ‘Mandatory Norm’ across “Forum for Tax Administrations” (FTA) the world. For the consist FY 2018-2019. This study clearly indicates that tax administration with a high spend on technology witness a correspondingly high rate of compliance. The use of technology has significant potential to improve revenue collection by automation of process and provision of improves services to tax payers. Keywords: Digital, Tax, Administration, Revenue, Taxpayers.

[Rajak, B. K. *Digital Transformation of Indian tax Administration.*]

Sanjana Mehta (2022), India has taken an aggressive and bold step in levying this digital tax, which is likely to face resistance from foreign companies. The implementation of such a taxation will be a challenge until a global resolution is reached under the OECD initiatives. Moreover, in light of the recent global status and the economic crisis amid the COVID-19 Pandemic, it might be thought that an addition or implementing a digital taxation while the world is already struggling is not feasible and blatant, however such an amendment to the international taxation is of utmost importance.

[Sanjana Mehta (2022), *Equalisation Levy: An Analysis Of Digital Taxation, Indian Journal of Law and Legal Research, Vol. III*]

Dr. R Sarvamangala & Farzana A (2021), A rapid increase in the digitalization of businesses and technology overall the country leads the tax authorities to overlook the way to regulate compliance of tax rules by the taxpayers and collect adequately taxes that are due. The e-commerce market is expected to grow to \$200 billion by 2026 and its taking share of the pie will substantially increase revenues for the Indian Government. Because of the digital economy, taxpayers have access to new income streams; however, International taxation arrangements find it difficult to keep pace with globalization and market liberalization especially with an issue like taxing E-commerce. These virtual businesses operate and earn revenue overall the world but their pay the taxes only to the country in which it's headquartered located. To undertake such non-taxable income under tax regimes and earnings from other countries, the concept of 'Equalisation levy' or also known as 'Digital taxation' was introduced in the year 2016 in India on online advertisement. Further amendments have been made with the view to bring all such non-resident E-commerce operators to pay the taxes on revenue earned from our country. The purpose of the study is to mainly highlight the concept of Digital taxation, its benefits of implementation, advantages, and challenges that occurred after it was introduction. The paper is on conceptual research and secondary data is used of the study. The study is only confined to India.

[Sarvamangala, R., & Farzana, A. (2021). *A comprehensive analysis of digital taxation in India. SJCC Management Research Review, 137-151.*]

OBJECTIVE:

1. To assess the awareness of digital tax compliance tools and systems among individual taxpayers in Nashik City.
2. To evaluate the satisfaction levels of individual taxpayers with the digital tax compliance systems.
3. To understand the perception and attitudes of taxpayers towards the digitalization of direct tax compliance.

RESEARCH METHODOLOGY:

1. Research Design:

Type: Descriptive Research

Location: Nashik City

Sampling Method: Convenience Sampling Sample Size: 106 respondents

Sampling Unit: Working Professionals from various fields

2. Data Collection:

Primary Data:

Instrument: An online structured questionnaire

Questionnaire Content: Questions related to Individual Taxpayers' Preferences between Old and New Tax Regime

Distribution: Questionnaires were electronically distributed to the selected respondents. Response Rate: 106 out of the 120 questionnaires distributed.

Secondary Data:

Sources: Journals, books, magazines, research articles relevant to the study's objectives

3. Data Analysis:

Quantitative Analysis: Simple Average, Percentage

Qualitative Analysis: Thematic Analysis: Analyzing open-ended responses to identify recurring themes and patterns in participants' explanations.

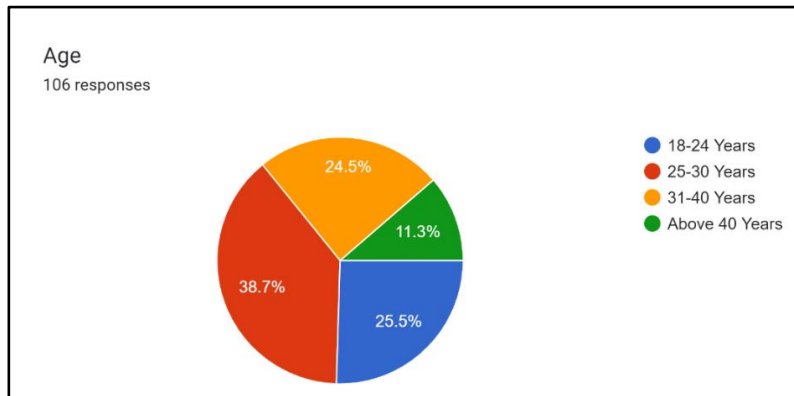
DATA ANALYSIS & INTERPRETATION:

Respondents Profile:

Variables	Description	Frequency	Percentage (%)
Age	18-24 Years	27	25.5
	25-30 Years	31	29.2
	31-40 Years	26	24.5
	40 Years & Above	12	11.3
Occupation	Employed	49	46.2
	Business	9	9.47
	Retired	10	9.4
	Other	16	15.1

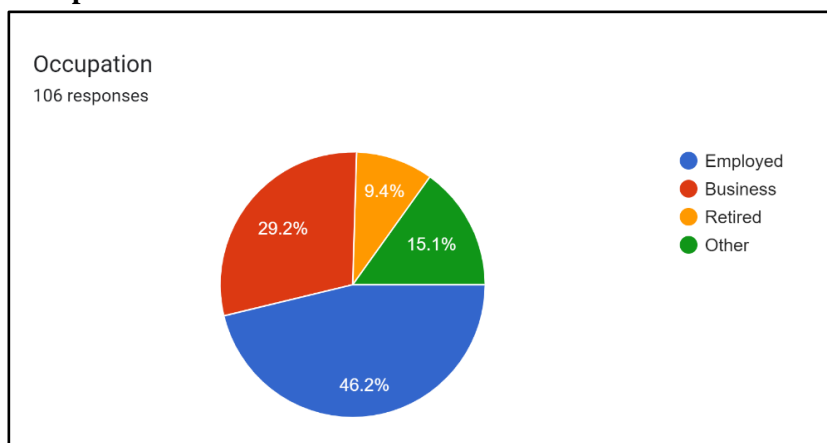
Annual Income Range	Below Rs.5,00,000	26	24.5
	Between Rs.5,00,000-7,50,000	12	11.3
	Between Rs.7,50,000-10,00,000	08	7.5
	Between Rs.10,00,000-12,50,000	30	28.3
	Between Rs.12,50,000-15,00,000	12	11.3
	Above Rs.15,00,000	18	17

Age Group Classification:



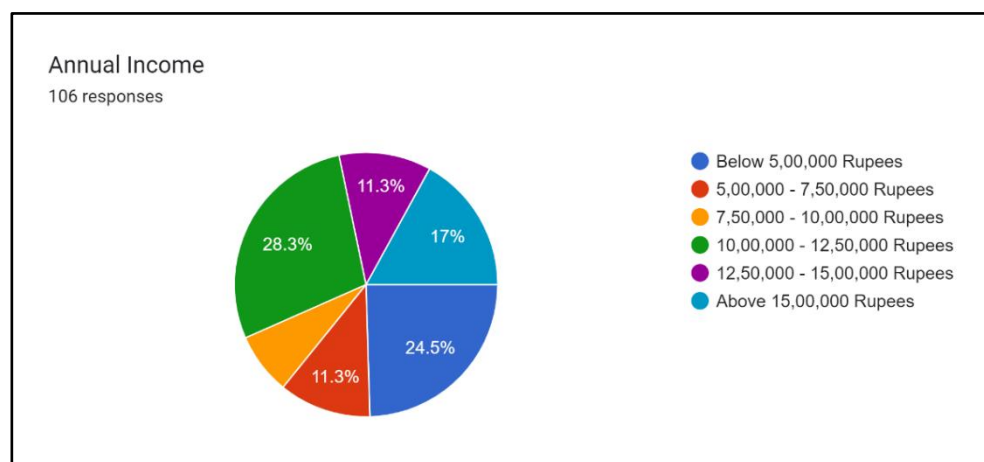
- 26% respondents are from the age group of 18-24 years. It shows that this age group is contributed second largest segment of the responses from total population in this research, and their perceptions could provide insights into how the digitalization in taxation affects the younger generation.
- The age group of 25-30 years constitutes the largest segment, with 39% of the total respondents falling within this category. This age group hold high potential in the analysis due to their numerical dominance.
- Individuals aged between 31-40 years make up 25% of the total respondents. While lower in comparison to the 25-30 years group, still their responses are crucial in understanding the impact of digitalization in taxation on people in their thirties.
- Respondents aged 40 years and above are participated in smallest segment with 11% of the total population. Although the smallest group, their opinions are worth considering, as they may have different financial and life-stage considerations.

Occupation-wise Classification:



- The majority of the responses are from employed individuals, with 47% of the respondents falling into this category. Their responses may reflect the sentiments of the salaried workforce and are pivotal in understanding how the digitalization in taxation impacts the working class.
- Business professionals represent 29% of the respondents. Their responses and views are valuable in assessing the impact of digitalization in taxation on entrepreneurs and self-employed individuals.
- Retired individuals make up only 10% of the total respondents. While a small group, their insights can offer a unique perspective on the digitalization in tax compliance.
- The "Other" category accounts for 15% of the total respondents.

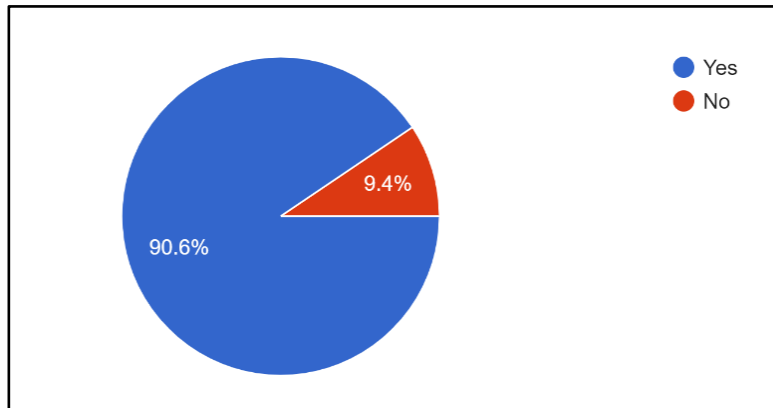
Annual Income Range Classification:



- 25% of the respondents have an annual income below Rs.5 lakh. Understanding the opinions of this segment is essential, as they are part of the lower-income strata that could benefit significantly from digitalization due to the convenience of online tax filing and access to digital resources.
- Income between Rs.5 lakh to Rs.7.5 lakh comprises 11% of the respondents. Analysing this group's responses can provide insights into how the middle-income bracket perceives digitalization in direct tax compliance.
- Only 8% of total respondents have an income range between Rs 7.5 lakh to Rs 10 lakh, still their responses are worth, to understand that how they perceive digitalization in taxation.
- A substantial portion, 29%, fall under the income range of Rs.10 lakh to Rs.12.5 lakh. Their responses are significant in assessing the impact on the upper-middle-income category.
- 12% of the respondents have an income between Rs.12.5 lakh to Rs.15 lakh. Understanding this group's responses can provide insights into the high-income bracket's views on digital taxation.
- A total of 17% of the respondents report an income above Rs.15 lakh. Their responses are crucial in assessing the impact of digital taxation on high-earning individuals.

Overall, this comprehensive analysis of the respondents' age groups, occupations, and annual income ranges will facilitate a deeper understanding of individual taxpayers' opinion on digitalization in direct tax compliance.

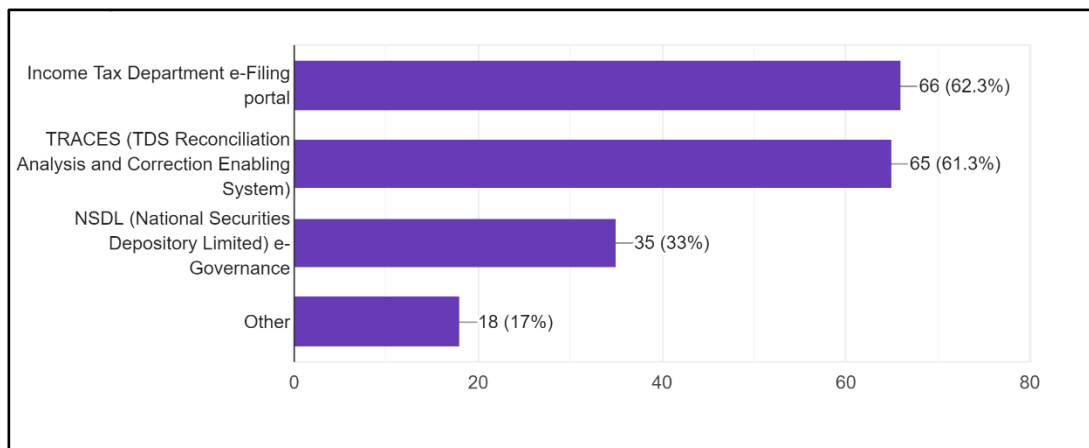
1. Are you aware of the digital platforms provided by the government for tax filing?



Aware: 91% of the respondents stated that they are aware of the digital platforms provided by the government for tax filling. This suggests that government efforts to promote these platforms have been effective and that people are informed about the tools available for tax compliance. Moreover, high awareness often correlates with increased usage of these platforms, leading to greater efficiency in tax filing processes, and the government can gather substantial feedback to improve these platforms further.

Not Aware: On the other hand, 9% respondents reported that they have not awareness regarding these digital platforms. This shows that there is need to increase promotion and outreach programs to educate the people about the existence and benefits of these platforms. Also, implementing training sessions or support services to help people understand how to use these digital tools.

2. Which of the following digital platforms are you aware of?



Income Tax Department e-filing portal: The majority of respondents have awareness about this portal i.e. 63% of total respondents. It demonstrates that the Income Tax Department's e-Filing portal is the most widely recognized and possibly the most used platform for tax compliance.

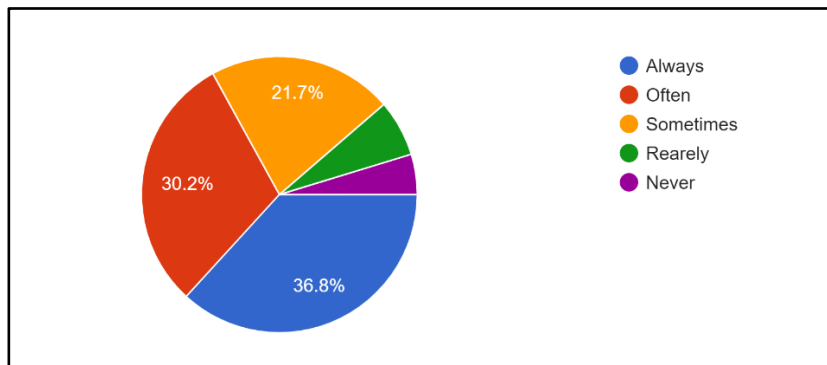
TRACES (TDS Reconciliation Analysis and Correction Enabling System): 62% of the respondents are stated that they are familiar with this platform. This platforms' awareness is very close to the e-filing portal of Income

Tax Department, this indicates a high level of awareness and possibly widespread usage for TDS-related compliance.

NSDL (National Securities Depository Limited) e-Governance: This platform has moderate awareness or usage, with 33% of respondents indicating familiarity. The lower percentage compared to the first two platforms might suggest that this platform is either less promoted or used for more specific purposes.

Other: A smaller percentage of respondents are aware of or use other digital platforms i.e. 17% of total respondents. This could include lesser-known platforms or specific tools which are not as widely recognized as the main ones listed above.

3. How frequently do you use these digital platforms for tax-related purposes?



Always: The largest segment of respondents i.e. 36.8% of total respondents are always use digital platforms for tax-related purposes. This indicates a significant portion of users rely heavily on digital tools for their tax compliance, suggesting a high level of trust and satisfaction with these platforms.

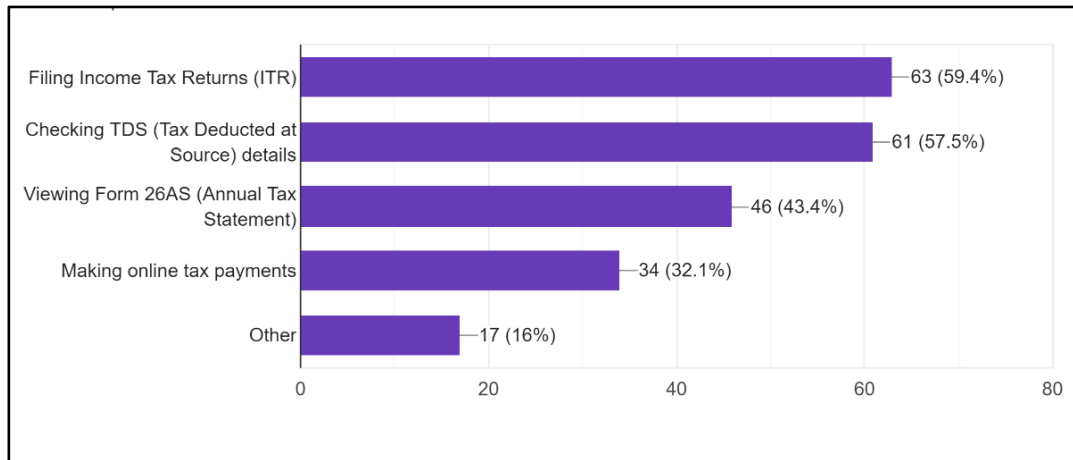
Often: A substantial portion of respondents often use these digital platforms i.e. 30% of total respondents. This shows that a combined 67% (always + often) of respondents are regular users of digital tax platforms, reflecting a robust adoption rate.

Sometimes: 22% of respondents use these platforms sometimes. This group might use these digital platforms based on specific needs or comfort levels, indicating room for increasing consistent usage.

Rarely: A smaller segment of population which is 8% of total respondents rarely use digital platforms. These users may prefer traditional methods or face barriers to use these digital tools, such as lack of familiarity or access.

Never: The smallest group of people i.e. 4% of total respondents never use digital platforms for tax-related purposes. This could be due to a lack of awareness, trust, or access to digital infrastructure, highlighting an area for targeted interventions.

4. What type of tax-related activities do you perform using these digital platforms?



Filing Income Tax Returns (ITR): 60% of respondents use these digital platforms primarily for filing their income tax returns. This indicates that the majority of users leverage digital tools for the essential task of filing their annual taxes.

Checking TDS (Tax Deducted at Source) details: 59% of total population, closed or around similar to the above one, utilize these platforms to check their TDS details. This shows that a significant portion of users relies on digital platforms to monitor tax deductions made at the source of income.

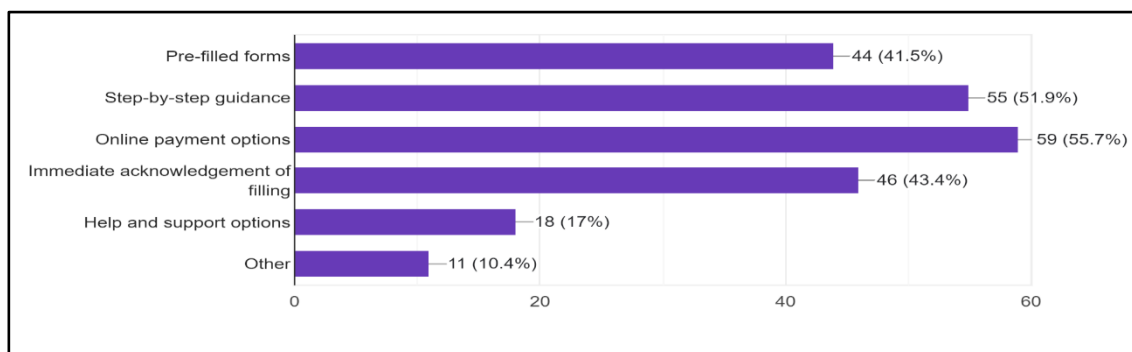
Viewing Form 26AS (Annual Tax Statement): 44% of respondents view their Form 26AS using digital platforms. This form is critical as it consolidates all the tax-related information of salaried individuals, and a substantial number of salaried users access it digitally.

Making online tax payments: 32% of people prefer to make their tax payments online through these platforms. This signifies that about one-third of the users prefer the convenience of digital payments for their tax liabilities.

Other activities: 16% of total respondents engage in other unspecified tax-related activities via digital platforms. This could include a variety of tasks such as seeking tax advice, downloading forms, or checking refund status.

Overall, the chart demonstrates that digital platforms are predominantly used for filing tax returns and checking TDS details, followed by viewing Form 26AS and making online tax payments

5. Which features of these digital platforms do you find most useful?



Pre-filled forms: 42% of respondents appreciate this feature. It suggests that users value the convenience of having forms pre-populated with their information, reducing the effort required to complete forms.

Step-by-step guidance: 52% of respondents find this feature useful. This indicates that a significant portion of users prefer having clear instructions to guide them through processes, which likely helps reduce errors and confusion.

Online payment options: This feature is the most appreciated, with 56% of total population indicating its usefulness. It highlights the importance of having convenient and secure methods to make payments online, which can streamline transactions and enhance user satisfaction.

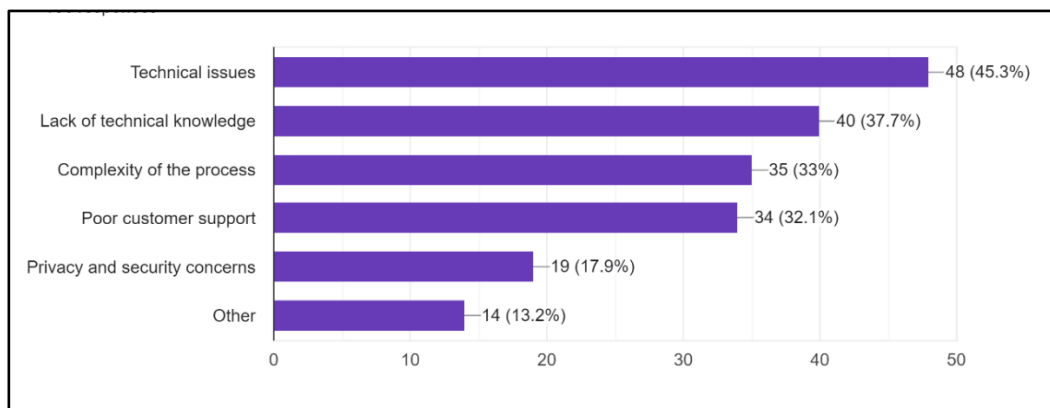
Immediate acknowledgement of filling: 44% of people values this feature. It shows that users appreciate receiving instant confirmation that their actions (such as form submissions) have been successfully completed, which can provide peace of mind and assurance.

Help and support options: 17% of population find this useful. This lower percentage suggests that while help and support are important, they might not be as critical to the overall user experience as other features, or perhaps they are used less frequently.

Other: 10% of respondents mentioned other features as useful. This indicates there are additional features that some users find beneficial, though they are not as widely recognized as the ones listed above.

Overall, online payment options are considered the most useful feature, followed by step-by-step guidance and immediate acknowledgement of filling. Pre-filled forms are also valued by a significant portion of users, whereas help and support options and other features are less frequently cited as useful.

6. What are the main challenges do you face while using digital tax services?



Technical issues: 45% respondents have reported that they are facing this challenge. This indicates that almost half of the users encounter problems such as software glitches, website downtime, or other technical malfunctions, which can hinder their ability to effectively use digital tax services.

Lack of technical knowledge: 38% of people struggle with this issue. It suggests that a significant portion of users do not have the necessary technical skills or knowledge to navigate digital tax platforms, which can lead to frustration and errors.

Complexity of the process: 33% of population find the process too complex. This highlights that one-third of users perceive the steps involved in digital tax services to be complicated, which can deter them from using these services or lead to mistakes.

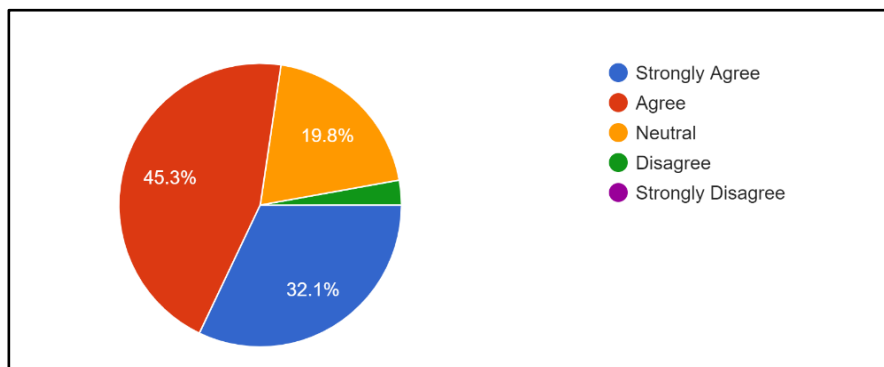
Poor customer support: 32% of respondents experienced inadequate support. This suggests that almost one-third of users feel they do not receive the help they need when encountering issues, which can exacerbate their difficulties and negatively impact their experience.

Privacy and security concerns: 18% of respondents have these concerns. This indicates that a smaller but still significant portion of users worry about the safety of their personal and financial information when using digital tax services, which can affect their willingness to use such platforms.

Other: 13% of population mentioned other challenges. This indicates that there are additional, less common issues that users face when using digital tax services, which are not covered by the main categories listed.

Overall, technical issues are the most common challenge, followed by a lack of technical knowledge and the complexity of the process. Poor customer support is also a significant issue, while privacy and security concerns affect a smaller, but notable, group of users. Other challenges are less frequently mentioned but still present.

7. Do you believe digitalization has simplified the tax filing process?



Strongly Agree: 32.1% of respondents strongly agreed with the statement. This indicates that almost one-third of the users feel very positively about the impact of digitalization on simplifying the tax filing process.

Agree: 45.3% of respondents. This suggests that a significant portion of users also have a positive view, though not as strong as the "Strongly Agree" group. Combined with the "Strongly Agree" group, a majority of respondents which is 77.4%, believe that digitalization has made tax filing easier.

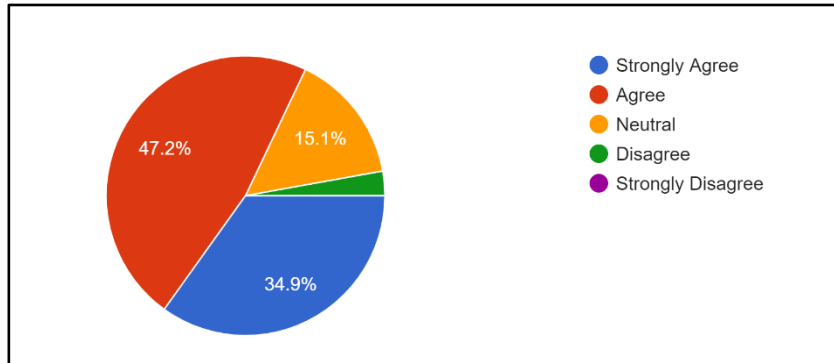
Neutral: 19.8% of respondents. This shows that about one-fifth of the users are indifferent, neither agreeing nor disagreeing, which might indicate that they have not experienced a significant change or are uncertain about the impact.

Disagree: A very small portion of respondents (shown in green) disagree with the statement, which is around 3% of total respondents. This implies that only a few users believe that digitalization has not simplified the tax filing process for them.

Strongly Disagree: There is no one reported that they are strongly disagree with the statement (no purple section in the pie chart). This indicates that no one has a strong negative view on the impact of digitalization on tax filing simplification.

Overall, a large majority of respondents (77.4%) believe that digitalization has simplified the tax filing process, with 32.1% strongly agreeing and 45.3% agreeing. A smaller group (19.8%) remains neutral, and only a minimal number of respondents disagree. Moreover, no respondents strongly disagree with the statement.

8. Do you believe digitalization has increased the speed of tax filing process?



Strongly Agree: A significant portion which is 34.9% of respondents strongly agree that digitalization has increased the speed of the tax filing process.

Agree: 47.2%, the largest portion of respondents agrees with the statement. This indicating that the majority find digitalization beneficial in speeding up the tax filing process.

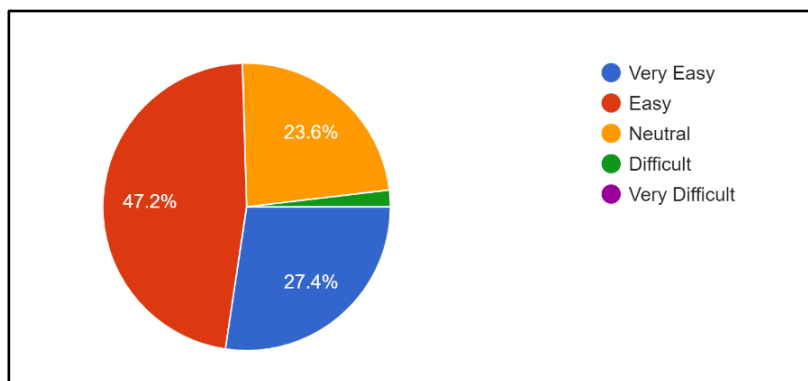
Neutral: A smaller portion of respondents remains neutral i.e. 15.1% of total population, neither agreeing nor disagreeing with the statement. This suggests some are unsure or see no significant difference.

Disagree: A very small number of respondents shown in green part disagree with the statement, implying that only a minority feels that digitalization has not improved the speed.

Strongly Disagree: There are no respondents who strongly disagree, indicating that the overall sentiment is positive or neutral toward digitalization's impact on the tax filing speed.

Overall, the chart suggests that most respondents believe digitalization has positively impacted the speed of the tax filing process, with nearly 82.1% either agreeing or strongly agreeing.

9. In your opinion, how easy is it to navigate and use these digital platforms?



Very Easy: 27.4% of respondents which is Over a quarter of the total respondents find navigating and using digital platforms very easy. this indicating that users find strong comfort level with these tools.

Easy: 47.2%, the largest segment of respondents reported that the platforms are easy to use. this suggesting that nearly half of the respondents experience minimal difficulties.

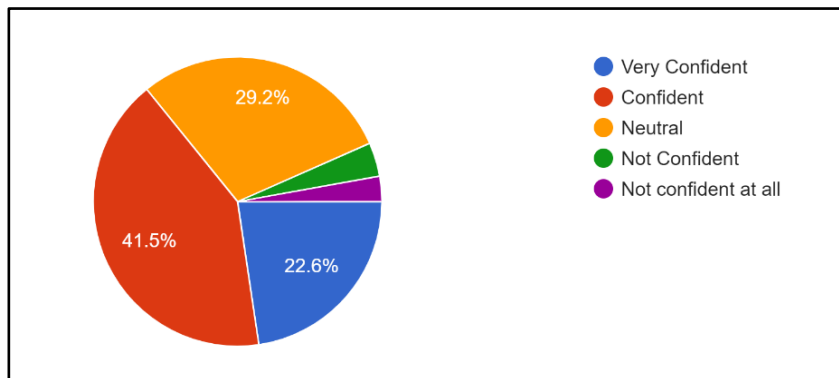
Neutral: A significant portion of respondents with 23.6% remains neutral. this indicating that while they don't find the platforms particularly easy, they don't find them difficult either.

Difficult: A very small percentage of respondents shown in green zone find it difficult to navigate these platforms. It showing that these few users are struggling while using the digital platforms.

Very Difficult: No respondents find the platforms very difficult to use. This indicating that generally positive or neutral perception of ease of use.

Overall, the majority of respondents i.e. 74.6% find the digital platforms either easy or very easy to navigate, indicating that most users are comfortable using these tools. Only a small minority faces challenges, while nearly a quarter are neutral in their opinion.

10. How confident are you about the security of your personal information on the digital platform?



Very Confident: 22.6% of respondents which is a little over one-fifth of total respondents feel very confident about the security of their personal information on digital platforms. This indicating a strong trust among this group.

Confident: 41.5%, the largest segment of the total population is confident in the security. It showing that a significant portion of users generally trusts the platforms to protect their personal information.

Neutral: Nearly one-third of respondents i.e. 29.2% remain neutral. This indicating uncertainty or a lack of strong feelings about the security of their information.

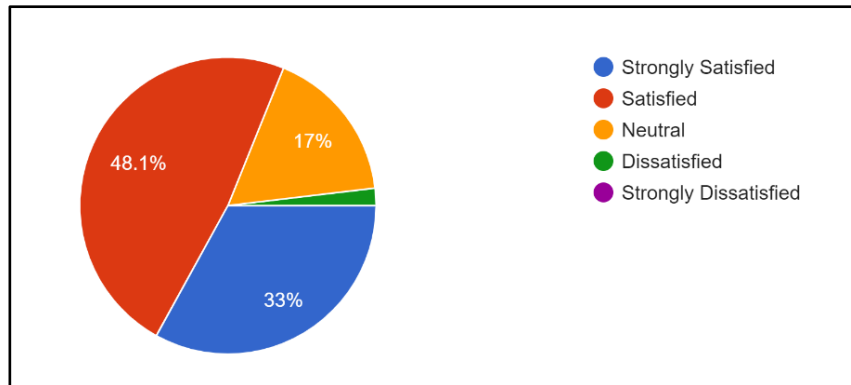
Not Confident: A small percentage of respondents shown in green zone are not confident. This indicating some concerns about the security of their personal data on these platforms.

Not Confident at All: An even smaller portion of respondents shown in purple zone are not confident at all. This highlighting a minimal but present level of distrust.

Overall, the chart indicates that a majority of respondents i.e. 64.1% feel confident or very confident in the security of their personal information on digital platforms. However, nearly one-third are neutral, and a small

minority expresses concern about the security, suggesting that while trust is generally high, there are still some reservations among users.

11. How would you rate your overall experience with the digital tax platforms?



Strongly Satisfied: One-third of the respondents i.e. 33% are very happy with the digital tax platforms, indicating a high level of satisfaction with the features, usability, and performance.

Satisfied: 48.1%, nearly half of the respondents are satisfied, though not to the highest degree. This suggests that while most users find the platforms adequate, there might be some areas for improvement.

Neutral: A smaller portion, 17% of total population is neutral, neither satisfied nor dissatisfied. These users might feel indifferent or have mixed feelings about their experience.

Dissatisfied: A very small percentage of users barely noticeable, but inferred from the green segment are dissatisfied with experience of the digital platforms. This indicating there are some issues or unmet expectations for this group.

Strongly Dissatisfied: None of the respondents reported being strongly dissatisfied, which is a positive indicator, showing that extreme dissatisfaction is not an issue.

Overall, the majority of users i.e. 81.1% are satisfied or strongly satisfied with the digital tax platforms, indicating that these platforms generally meet users' expectations. However, with 17% of users feeling neutral and a small percentage being dissatisfied, there may still be opportunities for improvements, particularly to convert neutral users into satisfied ones.

FINDINGS:

- The results show that the majority of respondents are aware of government digital platforms for filing taxes. This reflects the successful promotion and widespread awareness of these tools. This high level of awareness likely contributes to increased utility and efficiency in the tax filing process. However, a smaller group of respondents remain unaware of these platforms, It emphasizes the need for further outreach, education, and support services to ensure wider adoption and understanding of digital tax tools.
- The research findings show that the majority of respondents regularly use digital platforms for tax-related purposes, indicating strong adoption and reliance on these tools. A smaller portion of users engage with these platforms occasionally, suggesting potential for increased consistent usage. However, a minority rarely or never use digital platforms, likely due to preferences for traditional methods, or barriers such as lack of familiarity or access, underscoring the need for targeted initiatives to improve digital engagement.
- The findings reveal that digital platforms are primarily used by respondents for filing income tax returns and checking TDS details, indicating their importance in managing essential tax tasks. A significant number of users also access Form 26AS and make online tax payments through these platforms. Additionally, a smaller portion of respondents utilize these tools for various other tax-related activities, highlighting the versatility and convenience offered by digital tax platforms.
- The research findings highlight that online payment options are considered the most useful feature of these digital platforms, followed by step-by-step guidance and immediate acknowledgement of filing. Pre-filled forms are also valued by a significant portion of users, whereas help and support options and other features are less frequently cited as useful.
- Also, the research reveals that technical issues are the most common challenge of these digital platforms, followed by a lack of technical knowledge and the complexity of the process. Poor customer support is also a significant issue, while privacy and security concerns affect a smaller, but notable, group of users. Other challenges are less frequently mentioned but still present.
- The research findings reveal that a majority of respondents believe digitalization has simplified the tax filing process, with a significant portion expressing strong agreement. A smaller group is neutral, indicating uncertainty or indifference to the impact, while only a few respondents disagree. Notably, no respondents strongly disagreed, suggesting that negative views on the impact of digitalization are minimal.
- Also, the findings indicate that the majority of respondents believe digitalization has increased the speed of the tax filing process, with many expressing strong agreement. A smaller group remains neutral, suggesting uncertainty or indifference, while only a few respondents disagree. Notably, no respondents strongly disagree, reflecting an overall positive sentiment toward the impact of digitalization on speeding up tax filing.
- The results indicate that the majority of respondents feel confident or very confident about the security of their personal information on digital platforms, however, nearly one third are neutral, and a smaller number expressing concerns about safety. This indicates that although reliability is generally high, but users still have some reservations.
- The findings show that the majority of respondents are satisfied or strongly satisfied with their experience of using digital tax platforms. A smaller group remains neutral, indicating mixed feelings or indifference, while only a few are dissatisfied. Notably, there are no reports of strong dissatisfaction, suggesting that overall, users have a positive experience with these platforms.

CONCLUSION:

- High Awareness and Usage: The research report concludes that a significant number of respondents have awareness of digital platforms of taxation, while a smaller group falls into the category of unaware. This distinction is essential when conducting a study on role of digitalization in direct taxation. Understanding the composition of aware and unaware groups is crucial for identifying their unique needs, satisfaction level, and perceptions towards the tax systems.
- Potential for Broader Adoption: A smaller group of respondents remain unaware or occasionally use these platforms, highlighting the need for further outreach, education, and support to ensure broader adoption and consistent usage.
- Versatile Platform Usage: Digital platforms are primarily used for filing income tax returns and checking TDS details. Many users also utilize these platforms for accessing Form 26AS and making online tax payments, demonstrating their importance in managing essential tax tasks.
- Valued Features: Online payment options, step-by-step guidance, and immediate acknowledgement of filing are considered the most useful features. Pre-filled forms are also highly valued, whereas help and support options are less frequently cited as useful.
- Challenges Encountered: Technical issues, lack of technical knowledge, and the complexity of the process are the most common challenges users face. Poor customer support and privacy/security concerns also affect a smaller portion of users.
- Positive Impact of Digitalization: The majority of respondents believe that digitalization has simplified and sped up the tax filing process, with minimal negative feedback, reflecting overall positive sentiment.
- Security Confidence: Most respondents feel confident or very confident about the security of their personal information on digital platforms, though some users express neutral or slight concerns.
- Satisfaction with Digital Platforms: A majority of respondents are satisfied with their experience of using digital tax platforms, with very few expressing dissatisfaction, indicating overall positive user experiences.

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