



E-Filing of Income Tax: Awareness and Satisfaction level of individual Tax payers in Coimbatore city, India

Geetha R. and Sekar M.

School of Business Management, Rathnavel Subramaniam College of Arts and Science Sulur, Coimbatore, INDIA

Available online at: www.isca.in

Received 9th October 2012, revised 15th October 2012, accepted 19th October 2012

Abstract

E-filing of income tax is understood as successful filing of income tax return through the internet. The e-governance has developed the concept and strategies of e-filing of income tax return through the internet. Thus the income tax department has facilitated the taxpayers with defining the provisions to be followed, which can be filed and how to file the income tax for the benefit of tax payers as well as the Government. Now there are 92 intermediaries performing this function in 61 cities throughout India. The e-filing of income tax returns has its own limitations like, slow processing, frequent crashes etc., but, the government has taken necessary steps like, employing 5000 unemployed people to perform as tax return preparers after getting training from NIIT. They will perform in 100 centers in 80 cities across the country. For the best e-filing, the government is modifying provisions every year for the convenience of both beneficiaries.

Key words- Income tax, E-filing of income tax, tax planning, tax provisions,

Introduction

Income tax department is one of the important parts of Ministry of Finance, Government of India. In 1860, it started working with the implementation of first Income Tax Act. After implementation of this Act, people became aware of the actual meaning and motto of Income Tax Department. The Department followed this act for five years after which, in 1865, the second act came into force. There was a major change in this act relative to the first Act. With this Act, the department started working with a new concept of agriculture income.

However the original story of income tax came into being in 1922 with the implementation of Income Tax Act -1922. It showed a major change from the last act by imposing the charge in the year of assessment on the income of last year. It also declared that tax rates would be announced by finance Acts.

After this, in 1956 the Government revised this act with few changes keeping the original in its format. For its review a committee was formed. This committee made few changes and submitted the Income Tax Bill in Lok Sabha during April 1961. The President, accepted this bill on 13th Sep, 1961. Since 1961, our government has been using this Act for running our system.

Review of Literature: Hite and McGill¹ in their study state that tax practitioners must be a credible source of information for tax payers they are to offer tax advice and have it receipted. As tax system become more complex tax payers turn to tax practitioners for expert advice.

Kalyani² in her study on tax planning of salaried employees in Coimbatore city of the financial year 1998-1999. Identified that older the age. Higher the tax liability. Private sector employees get higher income than the government employees. Tax payment decreases when tax saving investment increases tax saving along with the income and employees preferred to invest in life insurances corporation provident fund and national savings certificates.

Kennedy and Henry³. A in their study state that, the Income Tax Act may appear as though it is difficult to comprehend but once a methodical approach is employed in reading and using it, understanding the income tax law becomes easier. The reader should find out who is liable to pay the tax, based upon which the tax will be levied, the tax rates to be applied to the tax base and how or when the tax is to be paid. These are the four requirements of a tax law which can be found in the divisions of each part of the act. When these are identified, understanding of the other structural elements will not be difficult.

Benefits of E-filing: i. Convenience – returns can be filed at anytime (day or night); ii. Certainty of delivery and quick confirmation – provides immediate confirmation from tax administration that returns have been received, iii. Fast refunds – allows taxpayers receiving refunds to get them sooner, iv. Taxpayer privacy and security is assured, v. Use of online commercial tax preparation software, vi. Eliminates error notices from tax administrations caused by data entry errors, vii. The transactions can be done electronically with a click of a button, viii. Accessibility is allowed 24x7x365, ix. Documents handling and storing is made easy

Hypothesis

Objectives and Hypothesis of the study: i. To assess the tax payer’s perception, awareness towards e-filing of income tax returns. ii. To analyze the level of satisfaction among the tax payers towards e-filing of income tax returns.

Results and Discussion

Limitations of the Study: i. The survey was conducted only in Coimbatore city. Hence the results arrived at from this study may not be applicable to other areas. ii. This study mainly focuses on assessing awareness and satisfaction level of tax payers about e-filing of income tax returns.

Tools and Techniques: ANOVA: It is an important technique in the context of that entire situation where we want to examine the significant mean differences between more than two groups. The results of the ANOVA will show whether or not the means of various groups are significantly different from one another as indicated by F statistic.

Chi-square analysis: The chi-square analysis used to test the significance of influence of one factor over the other factor. For this purpose the factors were classified into two groups.

Analysis of awareness and satisfaction level of individual tax payers: Table-1 reveals that 56% of the respondents are male, and 44% of the respondents are female. It is inferred from the above that majority of the individual tax payers are male (56%).

Table-1
Sex-wise classification of the individual tax payers

Sex	No. of respondents	Percentage
Male	56	56
Female	44	44
Total	100	100

Source: Primary data.

Educational qualification-wise classification of the individual tax payers: Table-2 reveals that out of 100 respondents, 37 percent of the individual tax payers are studied up to S.S.L.D / HSC, 34 percent of the individual tax payers are degree holders, 15 percent of the individual tax payers are diploma holders, and 14 percent of the individual tax payers are postgraduates. It is inferred from the above that majority of the individual tax payers are studied up to S.S.L.C / HSC.

Sources of awareness: Table-3 reveals that out of 100 individuals, 44 percent of the individual tax payers are aware about e-filing through the newspaper, 23 percent of the individuals are availed e-filing information through their friends, 23 percent of the individuals are aware about e-filing through auditors, 9 percent of the individuals are got awareness through various advertisement made by the income tax

departments, and only one individual are availed e-filing information through other medias. It is inferred from the above that 44 percent of the individual tax payers are got e-filing awareness through news papers.

Table-2
Educational qualification wise the individual Tax payers are given below

Educational qualification	No. of respondents	Percentage
Below S.S.L.C/HSC	37	37
Degree holders	34	34
Diploma	15	15
Postgraduates	14	14
Total	100	100

Table-3
The classification of the respondents based on their sources of awareness regarding e-filing of income tax

Sources of Awareness	No. of respondents	Percentage
Newspapers	44	44
Friends	23	23
Auditors	23	23
Media	1	1
Advertisement	9	9
Total	100	100

Source: Primary Data: Table-4 reveals that, out of 100 respondents 85% of the respondents are highly aware of the using software of the e-filing and it is ranked first, 75% of the respondents are highly aware of the registration number and it is ranked second. On the other hand 20% of the respondents are highly no aware of the filling the Chelan for payment and it is ranked last.

Satisfaction Levels of The Individual Tax payers: Assessment of the level of satisfaction of individual tax payers about various aspects of e-filing of income tax returns are presented in the table-5.

It is observed from the table-5 89% of the respondents are highly satisfied with the e-filing procedure and it is ranked first, 61% of the respondents are satisfied with safety of e-filing and other hand 4% of the respondents are highly dissatisfied with the acknowledgement generated. It is inferred from the above table that majority of the individual tax payers are satisfied with the various aspects of e-filing

Testing of Hypothesis using ANOVA: Relationship between Residential status and awareness level of the individual tax payers: H_0 : There is no significant relationship between residential status and awareness level of the individual tax payers.

Table-4
Awareness level of the individual tax payers

S.NO	Awareness	H.A	A	N	N.A	H.N.A	Total	WAS	WA	Rank
1	Awareness of filing tax	56	24	3	13	4	100	415	4.15	VIII
2	Awareness of e-filing procedure	60	20	8	10	2	100	427	4.27	VII
3	Awareness of e-forms	59	30	2	8	1	100	439	4.39	VI
4	Awareness of time limit of return	53	27	1	10	9	100	405	4.05	XI
5	Awareness of cost of e-filing	60	15	10	10	5	100	415	4.15	VIII
6	Awareness of web site address	80	15	-	5	-	100	470	4.70	II
7	Awareness of digital signature	65	20	5	10	-	100	467	4.67	III
8	Awareness of ITR-V form	68	20	2	5	5	100	441	4.41	V
9	Awareness of payment	35	28	25	2	10	100	456	4.56	IV
10	Awareness of filing the Chelan for payment	46	24	8	2	20	100	374	3.74	XII
11	Awareness of using the computer software for e-filing	85	15	-	-	-	100	485	4.85	I
12	Awareness of list of banks for payment	55	20	5	20	-	100	410	4.10	X
13	Awareness of TDS returns	35	25	20	15	5	100	370	3.70	XIII
14	Awareness of registration number	75	20	5	-	-	100	470	4.70	II
15	Awareness of IRS.	60	20	5	15	-	100	425	4.25	IX
16	Awareness of terms and conditions of e-payment	60	10	15	10	5	100	410	4.10	X

WAS-Weighted average system, WA-Weighted Average

Table-5
Satisfaction level of the individual tax payers

S.NO	Various features of e-filing	HS	S	N	NS	HNS	Total	WAS	WA	Rank
1	E-filing procedure	89	10	1	-	-	100	488	4.88	I
2	Safety of e-filing.	41	56	3	-	-	100	438	4.38	II
3	Accuracy of e-filing	47	42	8	3	-	100	436	4.36	III
4	Time limit given for e-filing	24	58	15	3	-	100	409	4.09	VIII
5	Acknowledgement generated by e-filing systems	40	41	14	1	4	100	414	4.14	VII
6	Easiness of e-filing	19	61	15	3	2	100	392	3.92	XIII
7	Availability of e-filing	27	54	16	2	1	100	405	4.05	XI
8	Satisfaction level of IRS	26	57	15	2	-	100	407	4.07	IX
9	Facilities provides by e-filing	50	35	11	3	1	100	332	3.32	XIV
10	Payment procedure	40	45	9	5	1	100	418	4.18	V
11	Satisfaction level with DGFT online e-payment	32	49	13	3	3	100	404	4.04	XII
12	Services if e-payment banks	35	25	13	2	2	100	320	3.20	XV
13	Satisfy with the payment procedure	37	44	12	3	3	100	406	4.06	X
14	Satisfied with the payment of files	40	41	12	4	3	100	415	4.15	VI
15	Satisfy with the e-payment procedure	43	39	13	4	1	100	422	4.22	IV

WAS-Weighted average system, WA-Weighted Average

Table-6 explains that, the calculated value is greater than the 0.05 at 5% level of significance. So, hypothesis is accepted. Hence, it is concluded that there is no significance relationship between the residential status and the level of awareness regarding the e-filing of income tax returns, time limit of returns, cost of e-filing, website address, digital signature, usage of ITR forms, e-payment, filing the chelan for payment, usage of computer software for e-filing, e-payment through banks, TDS returns, registration number, usage of IRS forms and the terms and conditions of e-payment.

The calculated value is less than 0.05 at 5% level of significance regarding the relationship between residential status and the level of awareness regarding usage of e-forms and Awareness of e-filing procedure. Hence the hypothesis is rejected. So, there is a significance relationship between residential status and the level of awareness regarding usage of e-forms and Awareness of e-filing procedure.

Table-6
Residential status and awareness level of the individual tax payers

INDIVIDUAL variable	Groups	Sum of square	Df	Mean square	F	Sig
Awareness of filing tax	Between groups	.013	1	.013	.148	.702
	Within groups	8.737	98	.089		
	Total	8.756	99			
Awareness of e-filing procedure	Between groups	2.224	1	2.224	13.189	.000
	Within groups	16.526	98	.169		
	Total	18.750	99			
Awareness of e-forms	Between groups	5.158	1	5.158	19.272	.000
	Within groups	26.232	98	.268		
	Total	31.390	99			
Awareness of time limit of returns	Between groups	.152	1	.152	.498	.482
	Within groups	29.958	98	.306		
	Total	30.110	99			
Awareness of cost of e-filing	Between groups	.721	1	.721	1.643	.203
	Within groups	42.984	98	.439		
	Total	43.710	99			
Awareness of website address	Between groups	.152	1	.152	.342	.560
	Within groups	43.558	98	.444		
	Total	43.710	99			
Awareness of digital signature	Between groups	.211	1	.211	.334	.565
	Within groups	61.789	98	.631		
	Total	62.000	99			
Awareness of ITR-V form	Between groups	.539	1	.539	.852	.358
	Within	62.021	98	.633		
	Total	62.560	99			
Awareness of e-payment	Between ups	.506	1	.506	.759	.386
	Within groups	65.284	98	.666		
	Total	65.790	99			
Awareness of filing the chelan for payment	Between groups	.329	1	.329	.411	.523
	Within groups	78.421	98	.800		
	Total	78.75	99			
Awareness of computer software for e-filing	Between groups	.474	1	.474	.793	.375
	Within groups	58.526	98	.594		
	Total	59000	99			
Awareness list of banks	Between groups	.232	1	.232	.703	.404
	Within groups	32.358	98	.330		
	Total	32.590	99			
Awareness of TDS returns	Between groups	.211	1	.211	.471	.494
	Within groups	43.789	98	.444		
	Total	44.000	99			
Awareness of registration number	Between groups	.026	1	.626	.065	.799
	Within groups	38.884	98	.397		
	Total	38.910	99			
Awareness of IRS	Between groups	.001	1	.001	.001	.975
	Within groups	53.789	98	.549		
	Total	53.790	99			
Awareness of terms and conditions of e-payment.	Between groups	.771	1	.171	.278	.599
	Within groups	60.189	98	.614		
	Total	60.360	99			

Findings: Individual Tax payers awareness and their level of Satisfaction: Profile of the Individual tax payers: i. Majority (34%) of the individual tax payers are in the age group of 25 – 35 years. ii. Majority of the individual tax payers are male (56%) then female clients. iii. Majority of the individual tax payers are studied up to S.S.L.C / HSC. iv. Majority (58%) of the individual tax payers are married. v. Majority (57%) of the individual tax payers are private employees. vi. Majority (33%) of the individual tax payers are earned income from salaries. vii. Majority (49 %) of the individual tax payers are having 10 – 20 years of experience in filing of income tax returns. viii. Majority (56%) of the individual tax payers are earned annual income of Rs.1, 50,001 – Rs.2, 00, 000. ix. Majority (72%) of the individual tax payers are living in the city area.

Satisfaction level of the individual tax payers: Majority of the individual tax payers are satisfied with the various aspects of e-filing

Testing of Hypothesis – Using ANOVA: Relationship between Residential status and awareness level of the individual tax payers: i. The ANOVA results reveal that there is no significance relationship between the residential status and the level of awareness regarding the e-filing of income tax returns, time limit of returns, cost of e-filing, website address, digital signature, usage of ITR forms, e-payment, filing the chelan for payment, usage of computer software for e-filing, e-payment through banks, TDS returns, registration number, usage of IRS forms and the terms and conditions of e-payment. ii. But there is a significance relationship between residential status and the level of awareness regarding usage of e-forms and awareness of e-filing procedure

Education qualification and awareness level of the individual tax payers: i. The Chi-Square test reveals that there is a significance relationship between the educational qualification and the awareness level regarding the website address. ii. But there is no significant relationship between the educational qualification of the individual tax payers and their awareness level regarding e-filing procedure, e-forms, time limit for return, cost of e-filing, digital signature, ITR form, e-payment, filling the chelan for payment, computer software for e-filing, banks for e-payment, TDS return, registration number, and terms and conditions of e-payment.

The most influencing Factor of Awareness: The factor analysis is used to find most influencing factor for creating the awareness among the tax payers. Among the fifteen variables used to assess the most influencing factor for creating e-filing awareness, the following seven factors are identified as the most influencing factors for creating e-filing awareness among the tax payers. i. Simplified Procedures, ii. Payments made easy, iii. Various simplified Forms, iv. Time saving, v. Online facilities, vi. Payment through online Banking, vii. Cost effective

Discussion: i. To avoid digital signature is best. ii. Very awareness to clients. iii. Very easy to file the income tax. iv. Network is very big problem in the peak time. v. Computer illiterate people can't do this work. vi. Very difficult to remember the registration number. vii. E-filing gives more safety to our file. viii. E-filing gives very accurate result. ix. E-filing gives acknowledge very short time. x. In the time of filing tax, one PAN number is change means cannot do the file. xi. Digital signature renewal cost is high.

Conclusion

In the present world day by day new technologies are introduced and improved very fast in all fields. Now new technology gifted to tax payers for filing their income tax returns through online is e-filing. The e-filing is the new effective method of filing income tax return through online and make e-payment tax. It saves our golden time, energy and cost and also reduces our tension. So the tax – payers are requested to use e-filing and e-payment facilities. This study reveals that the existing users are satisfied with the e-filing facilities but most of the individual tax payers are not awareness of the e-filing and e-payment procedures so sufficient steps are required to create more awareness in the minds of tax payers regarding e-filing of income tax.

References

1. Hite and McGill, Tax spends, what causes what: International Journal of Business (1992)
2. Kalyani, A study of tax planning of salaried employees in Coimbatore city (1992)
3. Kennedy Henry, A, Publisher: The Canadian Institute of Chartered Accountants Publication Name: CA Magazine, Subject: Business, ISSN: 0317-6878 (1992)
4. Acharya Shaklendra and Gupta M.G., Tax planning under directed taxes ANOVA illustrated guide, Allahabad: Modern law house publications (1999)
5. Anil Kumar Jain: Some aspects on income tax administrations in India. New Delhi, Uppal publishing house (1983)
6. Avadhani, 1996 Investment management, Mumbai: Himalaya publishing house (1996)
7. Avadhesh Ojha and Subramanian, V.K. assessment, Direct taxes ready reckoner, Jodhpur: The tax publishers (2004)
8. Bharet's, The budget New Delhi: Bharat law house private limited (2005)
9. Bharet's income tax act New Delhi: Bharat law house private limited (2004)
10. Bhargava, Taxman's Guide to fringe benefits tax, New Delhi. Taxman's publications private limited.

11. Bhella, V.K., Investment management, New Delhi. S.Chand and company limited (1983)
12. Bomi, F.Darwalla, Hand book to direct taxes, New Delhi. Bharat publications (2003)
13. Chandhari.P.T., Tax planning' Jaipur: Shre Niwas Publication (2003)
14. Dhruv, R.A., Direct taxes ready reckoner, New Delhi. Bharat Publications (2003)
15. Drinkar pagare, assessment year 2003-2004 and 2004-2005. Tax laws, Delhi, Sultan Chand and Sons (2005)
16. Gangahar.V. and Ramesh Babu, Investment management'' New Delhi: Anmol publications private limited (2003)
17. Gaur V.B. and Narana D.B. Assessment year 2004-2005. Income tax and practice Ludhiana: Kalyani publishers (2004)
18. Jonahntan, Thesis and assessment writing, New Delhi Wiley eastern limited (1970)
19. Lakhotia R.N., How to save income tax by tax planning, Calcutta: Asha publishing house (1984)
20. Lekhi R.K., Public finance'' New Delhi: Kalyani publication (1998)
21. Manoharan T.N. assessment year 2005-2006, Student hand book on income tax law Mumbai. Show While publication (2005)
22. Metha N.V. assessment year 2004-2005, Income tax ready Reckner, Mumbai; Shri Kubert publication house (2004)
23. Nabhi Kumar Jain assessment year 2006-2007, Income tax guidelines and reasy Recknonen New Delhi: Nephi publication (2006)
24. Philip Ryland, Investment Management, London: Profic books limited (2003)
25. Prakesh Chopra.O.M., Income tax law and practice, Allahabad. Orient law house (1978)
26. Raja Rathinam, Law and practice of income tax. N.D. Sampath Avenger's publications (2005)
27. Ram Niwas Lakholia, Tax is planning and investment planning for salaried employees, Kolkata: Asha publishing house (1985)
28. Sekar G. and Padharkas practical Guide on TDS and TCS Chennai sitaraman and Co Private Limited (2003)
29. Tandon O.C. (Ex-IRS), Taxations Income tax act N.D. B.B.Bhar Gava (1995)
30. Taxman's the budget 2004-2005 and 2005-2006 N.D. Taxman's publication private limited (2006)
31. Tripathi P.C., A text book for Research methodology in social science, N.D.Sultan Chand and Sons (1991)
32. Vinod K. Singhanian and Kapi Singhanian assessment year 2004-2005 Direct taxe4s law and practices with special references tax planning N.D. Taxman's publication (2004)
33. William F. Shrape and Garden J. Alexander Investment N.D. Practice hall of India private limited (2001)
34. Yasasw N.I. Personal investment and planning N.R. allied publications private limited.
35. Avadhesh Ojha, The tax references Jodhpur. Kadarnath publication.
36. <http://incometax India.gov.in/> (2012)
37. <http://income tax e-filing.gov.in/> (2012)
38. <http://www.tin-nsdl.com/downloads/procedureforfilinggetdsreturn.pdf> (2012)
39. http://india.gov.in/spotlight/spotlight_archive.php?id=30 (2012)
40. https://www.ipindiaonline.gov.in/on_line/ (2012)
41. <http://www.keralataxes.in/ehelp.htm> (2012)
42. <http://www.articlesbase.com/taxes articles.> (2012)
43. <https://onlineservices.tin.nsdl.com/etaxnew/Index.html> (2012)
44. <http://www.unitedbankofindia.com/e-payment-direct-tax.pdf> (2012)
45. <https://onlineservices.tin.nsdl.com/etaxnew/Index.html> (2012)
46. <http://www.servicetax.gov.in/e-paymnt-st1.htm> (2012)