

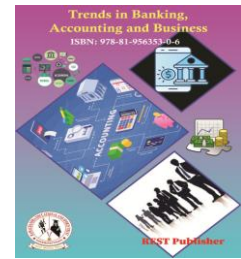


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# Study on E-Filing of Income Tax Returns

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**Abstract:** The aim of the paper, “E-filing of Income Tax Returns” is to create awareness about the electronic filing method of filing income tax returns. In the current world, there is advancements in the technology in day to day. E-filing of income tax returns is an effective and efficient way to file the income tax returns through online mode. Regression, Anova, T-test, F-test, Z-test are used in the study to analyze the awareness, satisfaction level and problems faced by the tax payers. Through the responses received over 70% of the tax payers are satisfied with free e-filing facilities provided by the Income Tax department. The existing users of E-filing are benefitted through the process yet there are tax payers who are not aware of the electronic filing of the income tax returns.

**Keywords :** E-filing, income tax returns..

## 1. INTRODUCTION

In India taxes can be classified into direct and indirect taxes. The taxes that an individual pays from his income directly to the government is called as Direct tax. Indirect tax is a type of tax that a third party will pay tax to the government on the goods purchased or service availed on behalf of the individual. Direct taxes is classified into Income Tax and Corporate Tax. Indirect tax is classified into Value-added tax, Goods and Services Tax, service tax on restaurant bills and movies tickets.

### Objectives

- To study about the E-filing process of Income Tax.
- To analyse the satisfaction and awareness level of E-filers.

**Statement of the Problem:** Indian economy is a developing economy. Taxation is considered to be a vital part that helps in the growth of the country. Even though the Indian Government has made it compulsory to electronic file the income tax returns, majority of the tax payers are not competent to do it on their own. Keeping this as an objective, this study attempts to identify the various problems faced through the electronic filing process and suggests ways in the modification of the system.

## 2. REVIEW OF LITERATURE

Dr. M Ragupathi and Mr. G Prabu (2015) in their study titled “An Empirical Study on Awareness of E –Filing” measured the impact of a range of demographical elements on the satisfaction level. The study exhibits that there is no tremendous difference among age group of the respondents with respect to their overall experience about E-filing. But there is an enormous difference between genders with regard to satisfaction. M. Krishna Moorthy and Azni Suhailily Binti Samuri (2014) have studied the E-filing characteristics among academics in Perk country Malaysia. This study focuses on the Perk country academics’ intention and behaviour to use E-filing tax system. The findings indicates that perceived usefulness, perceived security, and perceived credibility impact the Perk nation academics e-filing adoption intention. Dr.Meenal and Ms. Ginni Garg (2012)<sup>3</sup> in their study titled “E-filing of taxes: A Research Paper” analyses various theoretical dimensions of views on customers perception, technology acceptance, and utilization of e-filing issues. It finds that most importance should be given to protection of non-public data of customers, so that many tax payers will E-file their income tax returns. Geetha and Sekar (2012)<sup>4</sup> in their paper titled “Awareness and satisfaction level of E-Filing individual tax payers” mostly focuses’ on assessing awareness and satisfaction level of tax payers about the e-filing method of income tax returns. The survey was solely carried out only in Coimbatore city. This study exhibits that the present users are satisfied with the e-filing mode but most of the individual tax payers are still not aware of the electronic filing and e-payment process. So adequate steps are required to create much awareness in the minds of tax payers regarding e-filing of income tax returns.

**Research Methodology:** The data used in this research process is primary data. Questionnaire was used as a source of collecting the primary data. A structured questionnaire was circulated to the respondents.

### 3. DATA ANALYSIS AND INTERPRETATION

**Analysis of variance (ANOVA):** Analysis of variance (ANOVA) tests the hypothesis that the means of two or more populations are equal. ANOVA assess the importance of one or more factors by comparing the response variable means at the different factor levels. The null hypothesis states that all population means are equal while the alternative hypothesis states that at least one is different. To perform an ANOVA, must have a continuous response variable and at least one categorical factor with two or more levels.

**Null Hypothesis (H<sub>0</sub>):** Null hypothesis that there is no significant difference between specified populations, any observed difference being due to sampling or experimental error. There is a no significant relationship between the gender and choice of seeking the service of the tax consultant.

**Alternative Hypothesis (H<sub>∞</sub>):** Alternative hypothesis is the same as your research hypothesis. In other words, it's the claim that you expect or hope will be true. There is a significant relationship between the gender and choice of seeking the service of the tax consultant.

**TABLE 1.** Anova: Single Factor

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
3.Gender	80	113	1.4125	0.245411		
10.Do you seek the service of a tax consultant for filing tax?	80	116	1.45	0.250633		
ANOVA	SS	df	MS	F	P-value	F crit
ANOVA	0.05625	1	0.05625	0.226794	0.634569	3.900989
ANOVA	39.1875	158	0.248022			
Total	39.24375	159				

**Level of significance:** Significance level = 0.05%

**Inference:** P value is more than 0.05. Hence it is Null Hypothesis

**Interpretation:**

There was a statistically significant difference between gender and the choice of seeking the service of a tax consultant as demonstrated by Anova P value (0.05) and C value (0.63).

**TABLE 2.** Z-Test Two Sample for Means

	Are you a regular tax payer?	Do you provide your income statement to your tax consultant regularly?
Mean	1.5	1.4375
Known Variance	0.09	0.08
Observations	80	80
Hypothesized Mean Difference	0	
Z	1.355815	
P(Z<=z) one-tail	0.087579	
z Critical one-tail	1.644854	
P(Z<=z) two-tail	0.175158	
z Critical two-tail	1.959964	

**Mean** – This is the mean, or average, values for each of the two groups.

**Variance** – This is the same values as we calculated just before performing the test **Observations** – The number of data points in each group; so, I had 70 participants in each group.

**df** – The degrees of freedom. This is calculated by performing observations.

**F** – The F-value for the test. This is calculated by dividing the variance for the first variable, by the variance of the second variable.

**P(F<=f) one-tail** – The p-value for the F-test. This is a one-tail analysis.

**F Critical one-tail** – The F Critical value for the test. This is a one-tail analysis Level of significance: Significance level = 0.05% Inference: calculated value is 1.95 < 5.104 is table value so we accept the null hypothesis.

**Interpretation:** There was a statistically significant difference between satisfy with the employee health and wellness schemes and sati\_A paired samples t-test is used to compare the means of two samples when each observation in one sample can be paired with an observation in the other sample. Null hypothesis (H<sub>0</sub>) implies that there is no significant difference between the averages/means of the two sets of samples. Alternative hypothesis (H<sub>∞</sub>) implies that there is a significant difference between the averages/means two populations, and that this variation is improbable to have been contributed due to sampling error.

**TABLE 3.** t-Test: Paired two samples for Means

	Gender	Do you understand the tax calculations in your tax returns?
Mean	1.4125	1.3875
Variance	0.245411	0.240348
Observations	80	80
Pearson Correlation	0.063196	
Hypothesized Mean Difference	0	
Df	79	
t Stat	0.331474	
P(T<=t) one-tail	0.370582	
t Critical one-tail	1.664371	
P(T<=t) two-tail	0.741164	
t Critical two-tail	1.99045	

**Level of significance:** Significance level = 0.05%

**Inference:** P value is more than 0.05. Hence it is Null Hypothesis

**Interpretation:** There was a statistically significant difference between gender and understanding level of tax calculations of respondents demonstrated by T-test C value (0.37) P value (0.74). sfied with the mentor system followed for career progression demonstrated by Z-test C value (0) P value (1.64).

#### 4. FINDINGS AND SUGGESTIONS

**E-Filing survey: 80% use I-T department's free facility for filing returns.**

- Over 70% feel satisfied with free e-filing facility provided by the Income Tax department. However, only half are using tax calculators to verify.
- Our online survey on "Do you e-file of your tax returns" received 688 responses. At first glance, the survey shows that an overwhelming 65% are doing their own e-filing, while 26% are using the services of a tax advisor or a chartered accountant (CA). Only 13% are using paid e-filing sites when compared to nearly 80% using I-T department's free e-filing website.
- Over 70% of the respondents, who have used free e-filing feel that it is easy or somewhat easy. It means I-T department e-filing services have come a long way and still dominate, even though paid e-filing services claim to provide easy filing and better support. Six out of 10 respondents who have used paid e-filing are also satisfied and hence e-filing services are providing value for the charges. Those who file by visiting the I-T office to submit should consider e-filing for convenience and ease.
- A good 87% claim to understand the calculations in tax returns. But, only one in two respondents have used online or offline tax calculator to verify tax computation. Tax calculators do help to catch any error in your tax returns preparation before it is e-filed.
- Two out of 10 respondents have not looked at Form 26AS before filing tax returns. This is a matter of concern as you are overlooking the critical information that can even help to reduce taxes. For example, you may have missed the credits for TDS. On the other hand, the I-T department will catch you, if you failed to report the bank interest for which TDS was deducted.
- Over 78% have easily got Form 16/16A from employer and banks, which means the process is now smooth. Only 44% out of those who were eligible for refund have received it within six months of tax filing. It means the majority of consumers are still struggling to get their tax refund even after six months delay. Nearly eight out of 10 respondents who were required to pay taxes found e-tax payment easy. It means you don't have to visit banks to pay taxes. Tax payers are doing it online.

## 5. CONCLUSION

As there are various advancements and developments that are emerging in India, electronic filing of income tax returns is a gifted technology to the tax payers. The e-filing method of is considered to be an effective way of income tax filing since it is an easy and time saving method. But most the tax payers are not aware of the electronic filing of income tax returns. As a suggestion, Indian Government should take certain measures to spread awareness regarding the e-filing of income tax returns.

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