

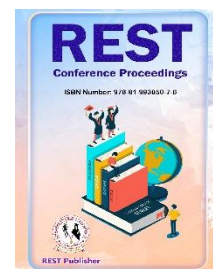


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A Study on Problems Encountered by Business Class for Filing Income Tax in Amravati City

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Abstract: This study aims to conduct a comparative analysis of problems faced by business class while filing income tax of their respective business. It aims to identify key problems such as lack of awareness, complex tax procedures, frequent policy changes, and the role of intermediaries like tax consultants. Through a survey-based approach, data was collected from a representative sample of business owners across various sectors. The findings reveal significant issues related to understanding tax regulations, technical difficulties with e-filing platforms, and delays in documentation. The study concludes with recommendations to improve awareness programs, simplify tax procedures, and enhance digital infrastructure to make tax filing more accessible and efficient for the business community in Amravati. The problems faced by the business class is being studied while filing income tax and the difficult calculation which is unable to understand the common people and the rules of their filing for getting tax benefits. **Keywords:** Financial Risk Management, Sustainable business growth, bootstrapping, MSME, Financial Literacy.

keywords: Income Tax Filing, Tax Compliance, Taxation Challenges, E-Filing, Tax Awareness.

1. INTRODUCTION

Income tax is a tax levied by the government on the income generated by individuals, corporations, and other legal entities within its jurisdiction. This tax is generally progressive, meaning that higher levels of income are taxed at higher rates. Filing Income tax for business class is getting complicated due to various tax calculation and changing policy. Additionally, income tax is used as a tool for economic policy, influencing decisions in consumption, saving, and investment by altering disposable income levels. Income tax is a critical component of the modern fiscal system, acting as a primary tool for governments to generate revenue to fund public services, infrastructure, social programs, and economic development. It is a form of direct tax levied on the income or profits earned by individuals, businesses, and other entities. The concept of income tax has evolved significantly over time. The earliest known form of income tax dates back to ancient civilizations. However, the income tax systems we are familiar with today began to take shape in the 18th and 19th centuries.

2. REVIEW OF LITERATURE

Income tax compliance has been a subject of considerable academic and policy interest, particularly among small and medium-sized enterprises (SMEs). Previous studies have identified a variety of obstacles that affect tax compliance, ranging from procedural complexities to inadequate awareness among taxpayers. Pranitha P Radhakrishnan noted that business owners the rapid development of internet technology, information transmission through internet and improved safety mechanism has made E return filing a more convenient method. The electronic filing has various advantages over traditional methods of filing returns. It is convenient, efficient and secure. Dr. M Ragupathi and Mr. G Probe (2015) explored an Empirical Study on Awareness of E-Filing. This paper deals with the importance and awareness of e-filing services, tax laws, procedure for assessment, and payment Descriptive research method has been used for this present study. A growing urban center with a significant population of small and medium enterprises. However, there remains a gap in region-specific studies focusing on the real-time challenges faced by the business community in smaller cities like Amravati. This study aims to bridge that gap by investigating the specific problems encountered by the business class in filing income tax returns, with an emphasis on both systemic issues and user-level challenges.

3. RESEARCH OBJECTIVE

1. To identify common issues faced by business owners in filing income tax.
2. To understand the role of tax consultants and the reliance on third-party professionals.
3. To explore the impact of regulatory changes on tax compliance.
4. To propose recommendations for improving tax compliance and easing the filing process.
5. To analyze the procedural, technical, and legal barriers impacting the income tax filing process for business-class individuals.

Research Hypothesis

H₀ (Null Hypothesis): There is no significant relationship between the problems encountered by the business class and their ability to file income tax effectively in Amravati city.

H₁ (Alternative Hypothesis): There is a significant relationship between the problems encountered by the business class and their ability to file income tax effectively in Amravati city.

4. RESEARCH METHODOLOGY

The sample size for the study is 100 respondents. Amravati city is chosen as the area for the present study. The present study was carried out from October 2024 to April 2025. Responses to the survey will be gathered via convenience sampling. The practical limitations of accessibility and time led to the selection of this approach. The target population includes small, medium, and large business owners in Amravati city who are required to file income tax returns annually for knowing the position of their business. Local business directories. Tax consultant client lists (with consent). Public business registrations with in Amravati city. Both primary and secondary data are used for the data collection.

Limitations of the Study: Due to time and resource constraints, the sample size was limited and may not fully represent the entire business population of Amravati. The study focuses solely on Amravati city, and the findings may not be generalizable to other regions with different administrative structures or economic conditions. The responses were based on self-reporting by the participants, which may be subject to biases such as exaggeration or withholding of information. The data collection was carried out within a limited time-frame, which may have affected the depth and breadth of the responses.

5. DATA INTERPRETATION

TABLE 1: Major Challenges Face While Filing

CHALLENGES	NO. OF RESPONDENT	PERCENTAGE
Lack of proper knowledge about the process	23	22.1%
Complicated income tax rules	30	28.8%
Time-consuming documentation	15	14.4%
Difficulty in calculating income tax	16	15.4%
All of the Above	20	19.2%

(Source: Primary data)

7. What are the major challenges you face while filing income tax?

104 responses

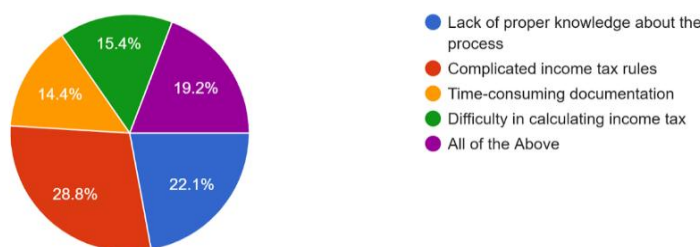


FIGURE 1. major challenges face while filing

Interpretation: From the above table 2, 22.1% People are facing major challenge like lack of proper knowledge about the process of income tax filing while filing, 28.8% people are facing problem of complicated income tax rules and regulations, 14.4% people are facing time consuming documentation problem while filing income tax, 15.4% people are facing problem of calculating income tax while filing, 19.2% people are the people who are facing all the above mention problem while filing the income tax.

TABLE 2. Mode of Filing Income Tax

MODES	NO. OF RESPONDENT	PERCENTAGE
Self	34	32.7%
Through Consultants	30	28.8%
CA	40	38.5%

(Source: Primary data)

11. What is the mode of your filing Income Tax ?

104 responses

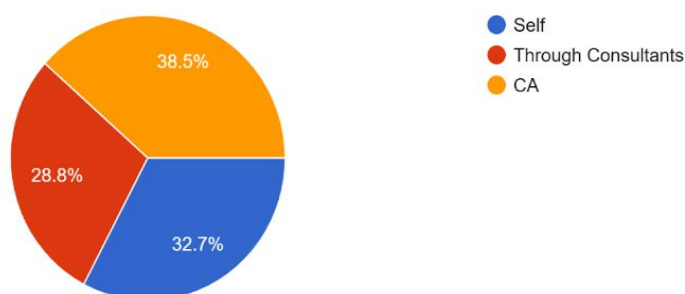


FIGURE 2. Mode of Filing Income Tax

Interpretation: From the above table 3, 32.7% People of Amravati fill their income tax return by their own it means their mode of filing is self where as 28.8% people fill through consultants and 38.5% people fill their income tax through CA.

TABLE 3: Difference in Modes of Getting Information for Filing Income Tax

Mode	No. Of respondent	Percentage
Through Tax Consultants	46	44.20%
Through Friends/ Relatives	42	40.40%
Through Online Media	16	15.40%

(Source: Primary data)

To find out the difference between the Modes of getting information and timely filing to reduce tax liability, Pearson’s Chi-square test is used and results are given below.

TABLE 4: Chi-Square Test Calculation

MODE	Observed (O)	Expected (E)	(O-E) ² / E
Through Tax Consultants	46	34.66	3.7
Through Friends/ Relatives	42	34.66	1.55
Through Online Media	16	34.67	10.05
TOTAL	104	104	15.3

Interpretation: In the above table, we calculated a Chi-Square statistic of 15.30 with the degree of freedom 2, At a 5% significance level ($\alpha = 0.05$) and 2 degrees of freedom, the critical value from the Chi-Square table is approximately 5.99. Since our calculated value (15.30) > critical value (5.99) Reject the null hypothesis. It means H0 is rejected and H1 is accepted.

Suggestions

- Income Tax process filing and awareness regarding the benefits and all the rules and filing process should be increased.
- To promote people and aware about the filing process and benefits various session should be taken.
- Problems while filing returns should get less so that everyone can file their return without any fear and confusion regarding any calculation, etc.
- Youngers should know all the rules and calculation so that they can plan for their future benefits as well as they can tell to everyone so that the problems will get reduce.
- For proper filing of income tax and to know more about rules and calculation and suggestion discuss with the CA and tax consultants so that it will help to get clarification.

6. CONCLUSION

The study reveals that the business class in Amravati faces several challenges in filing income tax returns, ranging from a lack of awareness about current tax laws to complexities in documentation and filing procedures. Many respondents expressed difficulties in understanding legal jargon and frequently rely on tax consultants, indicating a gap in financial literacy. Additionally, issues such as delayed updates from authorities, technical glitches in online platforms, and fear of penalties also contribute to tax-related stress. It is evident that there is a pressing need for improved awareness programs, simplification of the filing process, and better support from tax authorities to ease the burden on small and medium business owners. Enhancing digital literacy and providing regular workshops or helplines could significantly reduce the difficulties faced by this segment. Addressing these problems will not only benefit individual taxpayers but also contribute to better compliance and increased revenue collection for the government.

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