



A Conceptual Study of Electronic Tax Filing Adoption

Dr. Dharmendra Thaker

Head of Commerce Department, V.M. Patel Collage of Management Studies, Ganpat University,
Gujarat, India
thakerdharmesh18@gmail.com

ABSTRACT

This paper attempts to develop an understanding about tax system and e-filing adoption which is mandatory to all individual tax payers. The objectives of e-filing are to facilitate tax compliance and to provide taxpayers service through the use of internet technologies and WWW. Electronic filing systems have been very successful in filing the (ITR) income tax return. The effectiveness and efficiency of the income tax return will only be enhanced as these systems are implemented. Filing of Income Tax returns is a legal obligation of every person whose total income for the previous year has exceeded the maximum amount that is not chargeable for income tax under the provisions of the (ITA) Income Tax Act, 1961. Income Tax Department has introduced a convenient way to file these returns online using the Internet. This attempt to develop an understanding about how to make e- filing by all citizens of India.

ARTICLE INFO

Article history:

Received 10 Aug 2022

Received in revised form
10 Sep 2022

Accepted 12 Oct 2022

Keywords: Electronic tax filing, Internet, Income Tax Return.

© 2022 Hosting by Research Parks. All rights reserved.

1. Introduction:

The internet is now not a buzzword but an inherent mantra which has significantly changed and transformed the service sectors to the customers as well as to businesses and citizens. Even more, internet revolution has also changed the way governments are operating and delivering services. The availability of internet and supporting infrastructure has brought citizens better and more convenient

access to public services with original positive sense irrespective of the level of efficiency of bureaucracy. In other words, e-government can facilitate public service offerings in a truly standard, impersonal, efficient, and convenient manner for both service provider (the government) and service recipient (the citizens).

Electronic tax filing systems are an e-government application that is being utilized with increasing frequency all over the world. Such systems are particularly favorable for governments because they avoid many of the mistakes taxpayers make in manual filings, and they help to prevent tax evasion by data matching (Manly et al., 2005). The data warehouses developed using electronic tax filings can allow tax inspectors to analyze declarations more thoroughly, and enable policy makers to develop fairer and more effective tax policies.

2. Defining e-Filing:

The process of electronically filing Income tax returns through the Internet is known as e-filing. It is mandatory for Companies and Firms requiring statutory audit u/s 44(AB) to submit the Income tax returns electronically for Assessment Year (A.Y.) 2008-09. E-filing is possible with or without digital signature.

3. Types of e-Filing:

There are three ways to file returns electronically.

Option 1: Use digital signature in which case no paper return is required to be submitted.

Option 2: File without digital signature in which case ITR-V form is to file with the department. This is a single page receipt-cum-verification form.

Option 3: File through an e-return intermediary who would do e-filing and also assist the Assesses in filing the ITR-V Form.

4. Role of Governments:

Today are under an increasing pressure to improve the delivery of public services in cost-effective ways. To meet this challenge, the public sector is turning to e-government led solutions. A similar trend is visible in India, where the federal government unveiled an ambitious National e-Governance Plan (NeGP) in 2006. The NeGP is only two-years old, history of e-government initiatives in India however is more than two decades old and is dotted with some great success stories. One such success story is the state run Indian Railways' highly successful passenger reservation system which was rolled out in 1985, and was a great achievement for its time, particularly for a developing country. Although India has undertaken significant initiatives in e-government, its world ranking in terms of United Nations e-Government Readiness Index and web measure index however suggests that the road ahead is long.

The NeGP covers 27 mission mode projects (MMP) and ten support components which are being implemented at federal, state and local government levels. Federal level MMPs include banking, central excise and customs, income tax, insurance, company affairs, national citizen database, passport, immigration and visa, pension, and e-office.

5. Income Tax and E-Filing in India:

Indian Income Tax Department's Vision Document 2010 has identified quality tax-payer service as a key area. In this regard, the main objective of the department has been defined as "to enable taxpayers to meet their normal tax obligations in a convenient manner without visiting Income Tax Office"

(FINMIN, 2008). To achieve this objective, the department is according high priority to: e-delivery of taxpayer services (e-filing of income tax return); augmentation of departmental computer infrastructure (Setting up of a single national database, national data centre and disaster recovery system, and all India virtual private network); and the setting up of Tax Information Network (TIN).

This research explores the impact of taxpayer perceptions on the utilization of electronic tax filing systems. Given the government's large investment in the e-file program and its 80 percent adoption goal that has yet to be reached, the identification of these factors is necessary for effective and efficient development of e-file systems that meet the needs of taxpayers. According to the literature, both technology adoption factors (Gefen et al., 2003; Pavlou, 2003; Venkatesh et al., 2003; Carter and Belanger, 2005; Fu et al., 2006; Horst et al., 2007; Hung et al., 2007; Al Awadhi and Morris, 2008; Schaupp et al., 2010) and personal perceptions (Bandura, 1997; McKnight et al., 2002; Pavlou, 2003) have an impact on technology diffusion.

6. Technology Acceptance Model (TAM):

TAM is an adaptation of the Theory of Reasoned Action (TRA) to the field of IS. TAM posits that perceived usefulness and perceived ease of use determine an individual's intention to use a system with intention to use serving as a mediator of actual system use.

Accordingly, the purpose of the present study was to develop a sport web acceptance model (SWAM) in which sport fans' decision-making processes regarding the use of sport-related websites are conceptualized. The proposed research model incorporated existing models of (a) the theory of reasoned action (TRA: Fishbein & Ajzen, 1975), (b) the technology acceptance model (TAM: Davis, 1989), and (c) a conceptual framework that examined theoretical relationships among involvement, commitment, and loyalty (Iwasaki & Havitz, 2004). The SWAM includes eight constructs in order to predict sport fans' use of sport-related websites: (a) sport involvement, (b) psychological commitment to a team, (c) perceived ease of use, (d) sport related web site (h) actual web using behavior

7. Registration on Website:

- a. New Users can register their Digital Certificate during registration Process.
- b. During Registration and Forgot Password, Captcha Image needs to be entered by the user for verification. If the image is not clear for the user, they can refresh and get a new image.
- c. After successful registration of user, User Activation URL sent through Email and user account gets activated only after the user clicks on the activation URL and login.
- d. User needs to activate his/her account within 10 days of time period. After that the user account gets expired and the user needs to reregister with the E-Filing application.
- e. Secret Question and Answer has been added as part of Registration for more security.
- f. Existing users, can update their Secret Question and Answer after the Login.
- g. Upload with the digital certificate has been mandated to register/update the digital certificate before upload. If the user wants to upload with the digital certificate, the user needs to go to My Account Menu -> Update Digital Certificate page.

8. Significant Importance of e-Filing:

E- Filing offers convenience of time and place to tax payers. This facility is available round the clock and returns could be filed from any place in the world. It also eliminates/reduces interface between assessee and tax officials. Electronically submitting tax return to the Indian Revenue Service (IRS) is

faster, more convenient, and more secure than paper filing. But in order to e-file return, we have to have our taxes done by a tax preparer, prepare them ourselves using tax software, or use one of the “Free File” web software programs. One of the foremost benefits of electronic filing is the facility of anywhere/anytime filing, and one can just file returns anytime of the day or night. Other than this, online tax returns (OTR) are processed much faster than paper returns and the tax is worked out automatically as the payee completes the form. With this the payee also gets the acknowledgement slip immediately. Also online filing is a safe and secure mode. These are the benefits of e-filing:

- **Convenience:** One can electronically file return 24 hours a day, 7 days a week.
- **Security:** Tax return information is encrypted and transmitted over secure lines to ensure confidentiality.
- **Accuracy:** Electronic filed returns have 13 percent fewer errors than paper returns.
- **Direct Deposit:** One can have refund direct deposited into his/her bank account.
- **Proof of Filing:** An acknowledgment is issued when return is received and accepted.

9. Conclusion

Electronic tax filing system is e-government application that is been utilized with increasing frequently all over the world. In 2008, Department of Income tax on behalf of the government introduced the e-filing system. Every person tries to maximize his profits by reducing the cost, he should also arrange his affairs in such a way, that he pays the least amount of tax. Since the Income Tax Act 1961, is a revenue law, there are bound to be amendments from time to time in this law. Therefore, Income Tax act has undergone innumerable changes from the time it was originally enacted. These amendments are generally brought in annually along with the Union Budget. Besides these amendments, whenever it is found necessary, the Government introduces amendments in the form of Amendments Act and Ordinances.

References:

1. Carter, L. and Belanger, F. (2005), “The utilization of e-government services: citizen trust, innovation and acceptance factors”, *Information Systems Journal*, Vol. 15, pp. 5-25.
2. Davis, F.D. (1989), “Perceived usefulness, perceived ease of use, and user acceptance of information technology”, *MIS Quarterly*, Vol. 13, pp. 319-40
3. Erard, B. (1993), "Taxation with representation: An analysis of the role of tax practitioners in tax compliance", *Journal of Public Economics*, 52:163-197.
4. Jarvenpaa, S.L. and Tractinsky, N. (1999), “Consumer trust in an internet store: a cross-cultural validation”, *Journal of Computer-Mediated Communication*, Vol. 5 No. 2.
5. Manly, T.S., Thomas, D.W. and Ritsema, C.M. (2005), “Attracting nonfilers through amnesty programs: internal versus external motivation”, *Journal of the American Taxation Association*, Vol. 27, pp. 75-95
6. Reyes Gonzalez, J. G (2007) "E-government success: some principles from a Spanish case study", *Industrial Management & Data Systems*, Vol. 107 Iss: 6, pp.845 – 861
7. Venkatesh, V. (2000), “Determinants of perceived ease of use integrating control, intrinsic
8. Venkatesh, V. and Davis, F.D. (2000), “A theoretical extension of the technology
9. www.incometax.gov.in