



# AWARNESS LEVEL OF INCOME TAX PAYERS TOWARDS E-FILLING IN COIMBATORE CITY – AN EMPIRICAL SYUDY

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*Abstract:* Income Tax Department (ITD) has reported that within a period of one decade, the figure of income tax payers in India has more than doubled from 12.5 million in 1996-97 to 31.9 million in 2006-07. All these tax payers previously had been filing the returns manually primarily using the manual counters of the ITD. By this time, in some parts of the world e-filing of tax returns had already gained popularity due to the benefits associated with it, both for the tax payers and the tax collectors. There was a desperate need for an efficient system for tax collection as well as handling wide-ranging types of Income Tax queries. The launch of the website of the department [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in) in the year 2003 was an answer to this. The intention was to provide a one stop solution for all informational, interactive and transactional services to the tax payers. Subsequently, the Income Tax Department (ITD) set up a comprehensive service to enable citizens to transact all businesses with the Department on an anywhere, anytime basis. Electronic filing (e-filing) of Income Tax returns was one of the five key objectives of this project. It aimed at empowering all taxpayers to fulfil their statutory obligation of filing their Income Tax Return electronically- 'Anytime', 'Anywhere' securely and conveniently using the Internet.

**Keywords:** E-filing, Income tax, Income tax Payer.

## 1. INTRODUCTION: -

Income Tax Return is the form in which assesses files information about his/her Income and tax thereon to Income Tax Department. Various forms are ITR 1, ITR 2, ITR 3, ITR 4, ITR 5, ITR 6 and ITR 7. When you file a belated return, you are not allowed to carry forward certain losses. The Income Tax Act, 1961, and the Income Tax Rules, 1962, obligates citizens to file returns with the Income Tax Department at the end of every financial year. These returns should be filed before the specified due date. Every Income Tax Return Form is applicable to a certain section of the Assesses. Only those Forms which are filed by the eligible Assesses are processed by the Income Tax Department of India. It is therefore imperative to know which particular form is appropriate in each case. Income Tax Return Forms vary depending on the criteria of the source of income of the Assesses and the category of the Assesses.

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. E-filing is the process of Filing your tax documents through internet with the help of software's or by registering yourself to the income tax website. In India, e-filing of income tax was introduced in September, 2004, initially on a voluntary usage basis for all categories of income tax assesses. But from July, 2006, it was made mandatory for all corporate firms to e-file their income tax returns. Taking this process further, from assessment year 2007 to 2008, e-filing of income tax return was made mandatory for all companies and from 2013 Individuals having more than INR 10 lakh income are mandate for Filing income tax online. having more than INR 10 lakh income are mandate for Filing income tax online.

### **1.1 E-filing: -**

According to Section 139 (1) of the Income Tax Act, 1961 of India, individuals whose total income during the previous year is more than the maximum amount not chargeable to tax, should file their ITR or income tax returns. When such individuals file their income tax returns online, the process is known as e-filing. As a taxpayer, you can seek professional help or file your returns yourself by simply registering on the income tax department website or other relevant websites. While every year the due date for filing tax returns is July 31st, the government may offer a grace period of 15-30 days to file the returns online or physically.

### **1.2 ORIGIN OF E-FILING: -**

In the 1980's, processing your taxes became increasingly difficult. While tax preparers started to use special computers and software to simplify their job, they still had to print out all the forms and mail them to the IRS. The storage costs incurred by the IRS for all of the paper tax forms alone was quite high. In response to the emergence of new technology in the decades leading up to the 1980's, the IRS began to use computers to process the returns. With both the IRS and tax preparers leveraging the emerging capabilities of computers to prepare and process tax returns, relying solely on paper forms made little sense and, in fact, it increased the chances of making errors.

The early e-file process involved the tax preparer using a machine called Mirtron, which was a tape reader with a modem. The tax preparer would insert the tape with all the tax data on it before transferring the tape to the IRS. Upon arrival, an IRS agent would transfer the tape to a machine called a Zilog (or Zylog). The Zilog S8000 was, for the time, a small supercomputer, which would read the data on the tape and organize it in a manner that could be read by the IRS's Unisys system. In 1986, those five tax preparers filed approximately 25,000 returns using this efile method. The success of the program prompted the IRS to expand it to more cities. In 1987, 66 tax preparers agreed to participate in the expanded program and filed 78,000 tax returns. In an effort to improve the system, the IRS added an electronic Direct Deposit option; this provided the option for the refund money to be wired to a bank account of one's choice. In 1988, the IRS discontinued the use of Zilog S8000 and switched to the IBM Series I processing system. This change meant that the employee didn't have to plug the phone into the modem anymore, making the process a little simpler.

### 1.3 STATEMENT OF PROBLEM:

E-filing is the recent trends in the Pandemic. Now a More tax payers Prefers filing their tax through E-filing. This research's purpose is to find Awareness of Tax payers towards E-filing.

### 1.4 OBJECTIVES OF THE STUDY:

- To know about the Awareness level of tax payers

### 1.5 RESEARCH DESIGN: -

The survey was administered 70 individual tax payers who filing their return online. A random convenience sampling method was used to collect the primary data through a close-ended structured questionnaire. The questionnaire was divided into two parts. Part first of the questionnaire dealt with the Basic Information of respondents. It was given in the beginning to minimize the 'fatigue influence' in the process of Filing questionnaire. Part two of the questionnaire contained questions on Awareness of respondents towards e-filing.

### 1.6 DATA COLLECTION: -

Primary Data is used for this research. Data collected from various Tax payers who file their returns through E-filing. A structured Questioner Used for this Data collection.

### 1.7 SAMPLE SIZE: -

Total Number of Sample collected for this research for this research is 70.

### 1.8 Tools and Techniques:

**Simple percentage analysis:** - It refers to a special kind of rates, percentage are used in making comparison between two or more series of data. A percentage is used to determine relationship between the series.

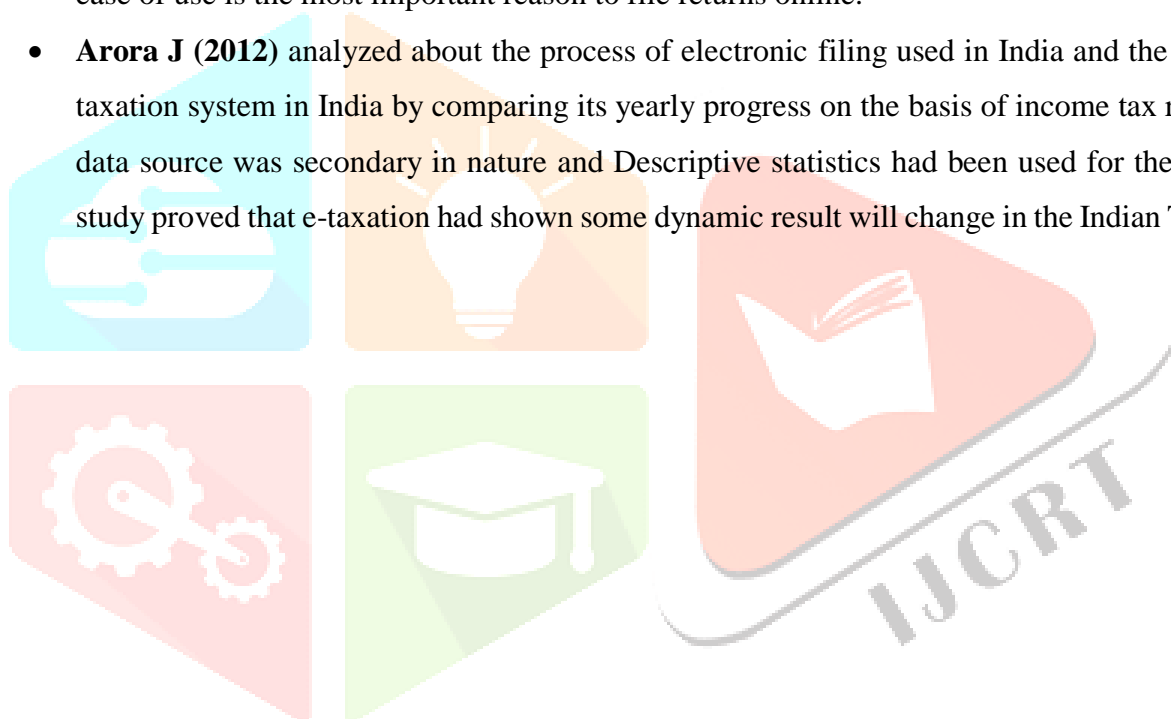
Simple percentage = (Number of respondents ÷ Total number of respondents) × 100

## 2.Review of Literature:

- **Hite and McGill (1992)** 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.
- **Kalyani (1992)** 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 Henry (1992)** 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.
- **Wang (2002)** in his study discussed about adoption of electronic tax filing systems. This paper discusses the factors affecting the adoption of electronic tax-filing systems. Using the technology acceptance model (TAM) as a theoretical framework, the study introduced “perceived credibility” as a new factor that reflects the user’s intrinsic belief in the electronic tax-filing systems. The findings of the study provided important implications for developing effective electronic government services in general and effective electronic tax-filing systems in particular.
- **Lalonde (2006)** analyzed the feasibility of implementing electronic filing for case documents filed in North American Free Trade Agreement NAFTA. The purpose of the paper was to initiate the thought process and discussions among the three national sections of the NAFTA Secretariat and their respective government by outlining the issues and requirements pertaining to the implementation of electronic filing, and recommending a potential direction for the future.
- **Ambali (2009)** in their study discussed the e-government policy that has been imposed and the ground issues involved in e-filing system. A survey of questionnaire was distributed to participants and supported by unstructured interview for an in-depth investigation about the perceived ease, usefulness, security, facilitating conditions and retention for e-filing system. A sample size of 450 taxpayers was purposively and conveniently chosen to participate in the study over a period of two months of data collection.
- **Lu Tc (2010)** conducted an empirical theory of on-line tax filing acceptance model. This model would be the reference for establishing e-government. The study also considered tax equity and norms factors. The study focused on the behavioral control, attitude and subjective norms are the determinants affecting behavioral intention (on-line tax filing intention) and Online tax filing

intention affects on-line filing actual behavior and significant positive effect on on-line tax filing behavior control.

- **Geetha R (2012)** in their study focused about the perceptions of e-filing of income tax return. To assess the tax payer's perception, awareness towards e-filing of income tax returns, the study used a questionnaire of 200 respondents to find out the result.
- **Meenal B (2012)** conducted a study and focused that objective of taxpayers behind e-Filing, governance, e-Return intermediaries, ITR, Security. Easy to use and time saving is the responsible factor.
- **Mamta B (2012)** explained that the felt it easy to use e-filing system. To investigate whether the tax payers had encountered any problems/ (or facilities) in using the e-filing system. To analyze the situation, 300 respondents and their result were recorded. It can be concluded that majority of the tax payers have own enough facility to use e-Filing system at home or at the workplace and ease of use is the most important reason to file returns online.
- **Arora J (2012)** analyzed about the process of electronic filing used in India and the progress of taxation system in India by comparing its yearly progress on the basis of income tax returns. The data source was secondary in nature and Descriptive statistics had been used for the study. The study proved that e-taxation had shown some dynamic result will change in the Indian Tax system.



## 3. Analysis and Interpretation:-

## Awareness level of respondents towards e-filing:-

**TABLE**

| S.N<br>O | AWARENESS   | HIGHLY<br>AWARE              |    | AWARE                        |    | NEUTRAL                      |    | NOT<br>AWARE                 |    |
|----------|---|------------------------------|----|------------------------------|----|------------------------------|----|------------------------------|----|
|          |   | NO.OF<br>RESPO<br>ND<br>ENTS | %  | NO.OF<br>RESPO<br>ND<br>ENTS | %  | NO.OF<br>RESPO<br>ND<br>ENTS | %  | NO.OF<br>RESPO<br>ND<br>ENTS | %  |
| 1        | Awareness of e-filing Tax                             | 37                           | 52 | 24                           | 34 | 3                            | 4  | 6                            | 8  |
| 2        | Awareness of e-filing procedure                       | 36                           | 51 | 22                           | 31 | 8                            | 11 | 4                            | 5  |
| 3        | Awareness of e-forms                                  | 32                           | 45 | 24                           | 34 | 2                            | 2  | 12                           | 17 |
| 4        | Awareness of time limit of e-return                   | 41                           | 58 | 19                           | 27 | 8                            | 11 | 2                            | 2  |
| 5        | Awareness of cost of e-filing                         | 50                           | 71 | 12                           | 17 | 8                            | 11 | -                            | -  |
| 6        | Awareness of web site Address                         | 62                           | 88 | 8                            | 11 | -                            | -  | -                            | -  |
| 7        | Awareness of digital signature                        | 40                           | 57 | 14                           | 20 | 7                            | 10 | 9                            | 12 |
| 8        | Awareness of ITR- V form                              | 35                           | 50 | 21                           | 30 | 10                           | 14 | 4                            | 5  |
| 9        | Awareness of payment                                  | 24                           | 34 | 8                            | 11 | 15                           | 21 | 13                           | 18 |
| 10       | Awareness of filing the Chelan for payment            | 30                           | 42 | 26                           | 37 | 4                            | 5  | 10                           | 14 |
| 11       | Awareness of using the computer software for r-filing | 55                           | 78 | 15                           | 21 | -                            | -  | -                            | -  |
| 12       | Awareness of list of Banks payment                    | 45                           | 64 | 19                           | 27 | 6                            | 8  | -                            | -  |
| 13       | Awareness of terms & conditions of e-payment          | 30                           | 42 | 17                           | 24 | 10                           | 14 | 13                           | 18 |



#### 4. FINDINGS: -

- 52% of the respondents are highly Aware of E-filing Tax, 34% of the respondents are Aware, 4% of are Neutral and 8% of are Not Aware.
- 51% of the Respondents are highly Aware of E-filing Procedure, 31% of are Aware, 11% are Neutral and 5% are Not Aware
- 45% of the respondents are Highly Aware of E-forms, 34% are Aware of E-forms, 2% are Neutral and 17% are Not Aware.
- 58% are highly Aware of time limit of e-return, 27% are Aware, 11% are Neutral and 2% are not Aware
- 71% are highly Aware of Cost of E-filing, 17% are Aware and 11% are Neutral.
- 88% are highly aware of web site address for e-filing and 11% is Aware of it.
- 57% are highly aware of Digital signature, 20% are Aware of digital signature, 10% are Neutral and 12% are Not Aware.
- 50% are Highly Aware of ITR-V form, 30% are Aware, 14% are Neutral and 18% are Not Aware.
- 34% are highly aware of Payment of e-filing, 11% are aware, 21% are Neutral and 18% are not aware.
- 42% are highly aware of filing Chelan of payment, 37% are aware, 5% are Neutral and 14% not aware.
- 78% are highly aware of using computer software for e-filing and 21% are aware
- 64% are highly aware of List of Banks payment, 27% are aware and 8% are Neutral.
- 42% are highly aware of terms and conditions of e-payment, 24% are aware, 14% are neutral and 18% are Not Aware.

#### 5. 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.

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