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Exploring Taxpayers' Perception, Problems, and Prospects towards E-Filing of Income Tax Returns: A Study of Dhule District, Maharashtra

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ABSTRACT:

This research study aims to investigate the perception, problems, and prospects of taxpayers in Dhule district, Maharashtra, concerning the electronic filing (e-filing) of income tax returns. With the growing digitization of government services and the increasing emphasis on online tax compliance, understanding taxpayers' attitudes, concerns, and experiences becomes crucial. The study will employ a mixed-methods approach, combining quantitative surveys and qualitative interviews, to gather comprehensive data on taxpayers' perceptions, difficulties, and future expectations.

The key objectives of the study are to explore taxpayers' awareness and knowledge of e-filing, identify the problems they face during the e-filling process, and assess their overall satisfaction with the current system. Additionally, the study will also examine the factors influencing taxpayers' adoption of e-filing, such as ease of use, reliability, data security, and support services provided by the tax authorities. The research will also explore taxpayers' suggestions for improving the e-filing process and their expectations for future enhancements.

The research findings will provide valuable insights into the effectiveness of e-filing implementation in Dhule district, Maharashtra, shedding light on the barriers that hinder taxpayers' smooth transition to the digital platform. The results will be beneficial for tax authorities, policymakers, and other stakeholders in devising strategies to enhance the e-filing experience, address taxpayers' concerns, and encourage wider adoption of electronic tax compliance. The key outcomes of this study will contribute to the broader discourse on tax administration and digital governance.

Keywords: Taxpayers, Perception, Problems, Prospects, E-Filing, Income Tax Returns, Dhule District, Maharashtra.

Introduction

Taxes play a fundamental role in the financial landscape of any country, serving as a significant source of income for the government. An effective tax strategy is crucial for successful financial planning, especially for individuals with income from salaries. Proper tax planning ensures compliance with tax laws while minimizing the tax burden, allowing individuals to retain the maximum possible amount of money after taxation. Tax planning involves a comprehensive understanding of tax laws and measures available under the tax legislation. It aims to reduce the incidence of taxation to the minimum level while abiding by the legal provisions. Moreover, it is essential to keep updated with the ever-changing tax laws to make informed decisions and achieve the desired financial outcomes.

A well-structured taxation system that prevents tax avoidance and encourages ease of doing business fosters economic prosperity in a country. On the other hand, a taxation structure with loopholes for tax evasion and complexities in business operations can hinder a nation's economic growth. India has a well-developed tax structure with clear authority defined among the Central and State Governments and local bodies. Over time, India has evolved its tax system to cater to its vast and diverse population, seeking to strike a balance between generating revenue and promoting economic growth.

E-Filing

The process of electronically filing tax returns using the internet is known as e-filing. It offers a quick and convenient method to file income tax returns (ITR) from the comfort of an individual's home or office. E-filing not only saves time but also helps in reducing expenses as taxpayers no longer need to hire professionals to file their returns. Over the years, e-filing has gained immense popularity among taxpayers due to its numerous benefits.

The Income Tax Department of India introduced e-filing as a response to the country's heavy reliance on direct taxes as a major source of revenue. The digitization of the tax filing process has streamlined operations, reduced paperwork, and enhanced the efficiency of tax administration. One of the significant advantages of e-filing is its accessibility and ease of use. Taxpayers can access the online platform at any time, allowing them to file their

returns well before the deadline. Moreover, e-filing platforms often provide assistance and step-by-step guidance, making the process user-friendly, even for those with limited tax knowledge. Additionally, e-filing promotes accuracy and transparency in tax reporting. The online system performs in-built validations, reducing the chances of errors and discrepancies. This, in turn, helps in preventing tax evasion and enhances tax compliance. Furthermore, e-filing expedites the refund process, providing taxpayers with faster access to their rightful tax refunds. The electronic mode of filing also reduces paperwork and the associated environmental impact, aligning with the government's digitization and eco-friendly initiatives.

Literature Review

Rahul (2015) highlighted the advantages of e-filing, such as anytime, anywhere filing, reduced physical space requirements, guaranteed data accuracy, and faster processing of returns. Taxpayers appreciated these benefits, but the study also identified security concerns as a key challenge in the mass implementation of e-filing. Encouragingly, Gupta and Sharma's study (2021) conducted in India revealed a favorable perception of e-filing among taxpayers. They appreciated the ease of using the platform, reduced visits to tax offices, and the efficiency offered by e-filing, which contributed to its increased acceptance and adoption.

Security concerns emerged as a prominent challenge hindering e-filing adoption. Studies by Khan and Rahman (2021) and Khan, Rahman, and Haque (2023) identified taxpayers' apprehension regarding data privacy and the risk of identity theft as significant deterrents. Additionally, technological barriers and lack of digital literacy, particularly among older taxpayers, were found to hinder e-filing adoption, as observed in Monika Arora&HariParkash Gupta's research (2017).

Government initiatives played a pivotal role in shaping the prospects for e-filing. Kumar and Singh's study (2022) revealed that user-friendly interfaces and simplified e-filing procedures encouraged taxpayers to embrace digital filing. Furthermore, the potential of blockchain technology in tax administration, as explored by Li and Wang (2023), offered promising prospects for enhancing data security and transparency, thereby boosting taxpayer confidence in e-filing systems.

Research Gap

The existing research on taxpayers' perception, challenges, and prospects towards e-filing of income tax returns primarily focuses on national or cross-cultural contexts. However, there is a research gap in understanding this phenomenon at a regional level, particularly in Dhule District, Maharashtra. This study aims to explore the awareness levels and utilization of e-filing facilities among taxpayers in the specific region. By focusing on a localized area, the research will shed light on unique factors and barriers that may be influencing taxpayers' adoption of e-filing in Dhule District, providing valuable insights for policymakers and tax authorities.

Objectives

1. To study the progress of e-taxation system in India by comparing its yearly progress.

2. To assess the awareness of tax-payers on demographic variables (age, education, occupation and income) basis towards e-filing of income tax returns.

3. To know tax payer's intentions towards Income tax return E-Filing.

4. To know whether the taxpayers have problems while utilizing e-filing system.

5. To study the satisfaction level of tax-payers towards e-filing of income tax returns.

Research Methodology

The study is analytical as well as descriptive in nature. It makes use of both primary data and secondary data. Primary data will be collected through a structured questionnaire, schedule interview and observation regarding to tax Payer's Perception, Problems, and Prospectsadopted by the income tax assessees of the Dhule district.

Sample size is based upon Cochran's infinite population formula that is 385 taxpayer's survey from Dhule district. Total sample size will be for research study is 385 taxpayers data collection.

Secondary data for the study will be collected from the reports of Comptroller and Auditor General of India, annual reports of All India Income Tax Statistics, Indian Public Finance Statistics, circulars and notifications of Central Board of Direct Taxes and Reserve Bank India Bulletin. Books, Journals and News Paper Reports also form part of the secondary data.

All data will be tabulated and analyzed with the help of statistical tools.

Growth of E-filing in India

Sr. No.	A.Y.	No. of E Filing	Increase %
1	2006-07	363,000	
2	2007-08	2,169,367	597.62
3	2008-09	4,830,122	222.65
4	2009-10	5,073,977	105.05
5	2010-11	9,050,242	178.37
6	2011-12	16,433,684	181.58
7	2012-13	21,486,807	130.75
8	2013-14	29,681,794	138.14
9	2014-15	34,173,994	115.13
10	2015-16	43,343,737	126.83
11	2016-17	52,868,037	121.97
12	2017-18	67,474,904	127.63
13	2018-19	6,68,09,129	100.99
14	2019-20	6,77,90,660	98.55

The table above shows the growth of e-filing in India over the years, represented by the number of e-filing cases and the percentage increase compared to the previous year. The data spans from the assessment year (A.Y.) 2006-07 to A.Y. 2019-20. Let's analyze the growth trends based on the information provided:

The growth of e-filing in India has been remarkable over the years. From 363,000 e-filing cases in A.Y. 2006-07, the number surged to 6,77,90,660 e-filing cases in A.Y. 2019-20.

The rate of increase in e-filing cases has been consistently high, indicating a significant preference for e-filing among taxpayers. The steepest increase was observed from A.Y. 2006-07 to A.Y. 2007-08, with a growth of 597.62%.

Despite high growth rates, the number of e-filing cases has steadily increased over time. This shows a continuous shift towards electronic filing as taxpayers increasingly opt for this convenient and time-saving method.

The growth rate remained consistently above 100% from A.Y. 2007-08 to A.Y. 2019-20, reflecting the sustained momentum in e-filing adoption.

Notably, the highest absolute increase in e-filing cases was seen in recent years, with 67,474,904 new e-filing cases added in A.Y. 2017-18, and 6,68,09,129 new cases in A.Y. 2018-19.

The data underscores the success of e-filing initiatives in India, indicating a growing awareness and acceptance of digital tax compliance methods. The consistent rise in e-filing cases suggests that taxpayers are increasingly embracing the convenience and efficiency of electronic filing, making it an essential part of tax administration in the country.

Data Analysis and Interpretation

Table 1: Following table presented to understand the demographic profile of taxpayers

Particulars	Frequency	Percentage
Age		
18 - 30 Years	34	08.83
31 - 45 Years	147	38.18
46 - 60 Years	179	46.49
Above 60 Years	25	06.50
Total	**385**	**100.00**
Education		
S.S.C.	17	04.42
H.S.C.	53	13.77
Graduate	198	51.43

Post Graduate	117	30.38
Total	**385**	**100.00**
Occupation		
Employee	118	30.65
Business	183	47.53
Professional	71	18.44
Agriculturist	1	00.26
Other Sources	12	0.312
Total	**385**	**100**
Income		
Upto 250000	4	01.04
250001 to 500000	46	11.95
500001 to 1000000	234	60.78
Above 10 Lacs	101	26.23
Total	**385**	**100.00**

Table 1 – Demographic Profile of Tax Payers

The table 1 showing the demographic profile of taxpayers, categorizing them based on age, education, occupation, and income.

Age: The majority of taxpayers fall within the age range of 31 to 60 years, with 46.49% falling in the 46-60 years category. Only a small percentage (6.50%) of taxpayers are above 60 years old.

Education: Among taxpayers, the largest group (51.43%) comprises graduates, followed by post-graduates (30.38%). Those with higher secondary education (H.S.C.) represent 13.77% of taxpayers.

Occupation: The majority of taxpayers are engaged in business (47.53%) or are employees (30.65%). Professionals make up 18.44% of the taxpayer population.

Income: The largest group of taxpayers (60.78%) earn between 500,001 and 1,000,000, while those with income above 1,000,000 represent 26.23%. A smaller percentage (1.04%) earns up to 250,000.

Table 2: The following table is presented to understand the responses regarding awareness level and taxation knowledge.

Responses	**Frequency**	**Percentage (%)**
Below average	4	1.03
Average	11	2.85
Fair	85	22.07
Good	208	54.02
Excellent	77	20.00
Total	**385**	**100.00**
Mean	**3.8909**	
Standard Deviation	**0.78631**	

Table 2: Awareness Level and Taxation Knowledge

This data analysis examines respondents' awareness level and taxation knowledge based on a scale from "Below average" to "Excellent." A total of 385 responses were collected. The majority of respondents (54.02%) demonstrated a "Good" level of awareness and knowledge, followed by 22.07% with a "Fair" level. A small percentage of respondents fell into the "Below average" (1.03%) and "Average" (2.85%) categories, while 20.00% were rated as "Excellent." The mean awareness level was 3.8909, with a standard deviation of 0.78631.

Table 3: The following table is presented to understand the responses of knowledge regarding Income Tax E-Filing.

Responses	Frequency	Percentage (%)
News Papers	41	9.87
Internet	122	30.52
Family Members	6	1.30
Friends	9	2.73
Tax Consultant / C.A.	207	55.58
Total	**385**	**100.00**
Mean	**3.5688**	
Standard Deviation	**1.61247**	

Table3: Source of Knowledge regarding Income Tax E-Filing

The data analysis shows that for knowledge regarding Income Tax E-Filing, the most significant source is Tax Consultants or Chartered Accountants, accounting for 55.58% of responses. Internet usage comes in second place with 30.52% of responses. News Papers, Friends, and Family Members contribute to a smaller percentage of responses. The mean source of knowledge is 3.57, with a standard deviation of 1.61, indicating a moderate variation in the data.

Table 4: The following table is presented to understand the responses regarding major factors motivates for e-filing of income tax return.

Responses	Frequency	Percentage (%)
Confidentiality	13	2.86
Time Saving	168	44.42
Better Accuracy	26	5.58
Prompt Processing	144	37.92
Faster Tax Refund	34	9.22
Total	**385**	**100.00**
Mean	**3.0468**	
Standard Deviation	**1.14013**	

Table 4: Major Factors motivates for E-filing of Income Tax Return

The data analysis of major factors motivating E-filing of Income Tax Returns reveals the following key insights: Time Saving factor stands out as the most significant motivator, with 44.42% of respondents acknowledging its importance. E-filing offers several benefits, including time savings, prompt processing, enhanced accuracy, and expedited tax refunds, making it an increasingly popular choice among taxpayers. The mean score of 3.0468 and standard deviation of 1.14013 indicate a generally positive sentiment towards E-filing as a preferred method for submitting income tax returns.

Table 5: The following table is presented to understand the responses regarding major intention towards Income tax return E-filing.

Responses	Frequency	Percentage (%)
Mandatory by Law	167	45.32
Easier Loan Processing	22	6.36
Carry Forwarding Losses	13	3.64
Claiming TDS Refund	133	31.82
Contributing Nation Building	50	12.86
Total	**385**	**100.00**
Mean	**2.6805**	
Standard Deviation	**1.60054**	

Table 5: Major Intention towards Income Tax Return E-filing

The data analysis reveals the major intentions behind income tax return e-filing. The highest percentage, 45.32%, reflects individuals who consider e-filing mandatory due to legal requirements. Another significant intention, at 31.82%, is claiming TDS refunds. Additionally, 12.86% of individuals see e-filing as a means of contributing to nation-building. Some taxpayers, 6.36%, appreciate easier loan processing facilitated by e-filing. Lastly, 3.64% mention carrying forward losses as a reason. The mean value of 2.6805 suggests a relatively moderate overall intention, with a standard deviation of 1.60054 indicating a moderate dispersion of responses around the mean.

Table 6: The following table is presented to understand the responses regarding advanced knowledge requirement while e-filing of IT Return - Knowledge of Income Tax Act

Responses	Frequency	Percentage (%)
Strongly Disagree	0	0.00
Disagree	0	0.00
Neutral	2	0.65
Agree	131	35.97
Strongly Agree	252	63.38
Total	**385**	**100.00**
Mean	**4.6494**	
Standard Deviation	**0.48857**	

Table 6: Knowledge of Income Tax Act

The data analysis for the Knowledge of Income Tax Act survey, based on 385 responses, reveals that a majority (99.35%) of participants either Agree or Strongly Agree with their knowledge of the Act. The Mean score of 4.6494 and a low Standard Deviation of 0.48857 indicate that the responses are clustered closely around the higher end of the scale. The survey exhibits a significant positive sentiment towards participants' understanding of the Income Tax Act, with a minimal presence of Neutral responses. The findings suggest a high level of familiarity and comprehension among respondents regarding the subject matter.

Table 7: The following table is presented to understand the responses regarding benefits of E-filing of Income Tax Return - Fast and Accurate than Manual System

Responses	Frequency	Percentage (%)
Strongly Disagree	1	0.52
Disagree	8	1.82
Neutral	11	2.60
Agree	143	35.84
Strongly Agree	222	59.22
Total	**385**	**100.00**
Mean	**4.4987**	
Standard Deviation	**0.68132**	

Table 7: Fast and Accurate than Manual System

The data analysis for the "Fast and Accurate than Manual System" indicates that the majority of respondents strongly agree (59.22%) that the system is faster and more accurate compared to manual methods. A significant number of respondents agree (35.84%), while only small percentages have neutral (2.60%), disagree (1.82%), or strongly disagree (0.52%) views. The mean rating of 4.4987 shows overall positive sentiment, with a low standard deviation of 0.68132, suggesting a relatively tight distribution of responses. These findings suggest a high level of confidence in the system's efficiency and accuracy, making it a promising alternative to manual processes.

Table 8: The following table is presented to understand the Perception regarding E-filing of Income Tax Return - E-filing System is Convenient and Useful

Responses	Frequency	Percentage (%)
Strongly Disagree	6	1.82
Disagree	11	3.12
Neutral	28	6.49
Agree	219	55.58
Strongly Agree	121	32.99
Total	**385**	**100.00**
Mean	**4.1377**	
Standard Deviation	**0.79008**	

Table: 8 E-filing System is Convenient and Useful

The data analysis reveals that the majorities of respondents (88.57%) either agrees or strongly agree that the E-filing system is convenient and useful. The mean score of 4.1377 and a low standard deviation of 0.79008 indicate a generally positive consensus among participants. While some expressed a neutral stance (6.49%), a very small percentage disagreed (4.94%). Overall, the feedback demonstrates a high level of satisfaction with the E-filing system, reflecting its effectiveness and user-friendliness. These findings support the system's adoption and suggest potential areas for further improvement to cater to the remaining neutral and disagreeing respondents.

Table 9: The following table is presented to understand the responses regarding problems while utilizing E-filing system - No Trust on E-filing System

Responses	Frequency	Percentage (%)
Strongly Disagree	169	44.16
Disagree	192	48.96
Neutral	14	4.03
Agree	6	1.43
Strongly Agree	4	1.43
Total	**385**	**100.00**
Mean	**1.6597**	
Standard Deviation	**0.71884**	

Table 9: Problems - No Trust on E-filing System

The data analysis for the "Problems - No Trust on E-filing System" survey reveals that a total of 385 responses were collected. The majority of respondents, 93.12%, expressed disagreement or strong disagreement with the e-filing system's trustworthiness. Only a small percentage, 2.86%, agreed or strongly agreed. The average response score was 1.6597, with a standard deviation of 0.71884, indicating that the opinions were clustered close to the mean. Overall, the survey highlights a lack of trust in the e-filing system, with potential implications for system improvement and user confidence.

Table 10: The following table is presented to understand the responses regarding satisfaction towards e-filing of income tax returns - E-filing Procedure and Practice

Responses	Frequency	Percentage (%)
Highly Dissatisfied	2	0.78
Dissatisfied	6	1.69
Neutral	22	5.06
Satisfied	186	46.49
Highly Satisfied	169	45.97
Total	**385**	**100.00**
Mean	**4.3351**	
Standard Deviation	**0.70300**	

Table 10: Satisfaction - E-filing Procedure and Practice

The data analysis of satisfaction with the E-filing procedure and practice reveals insights from 385 responses. The majority (92.46%) of respondents reported being satisfied or highly satisfied with the process. Only a small percentage (2.47%) expressed dissatisfaction. The mean satisfaction score was 4.34, with a low standard deviation of 0.70, indicating a relatively consistent level of satisfaction among respondents. The E-filing system seems to be generally well-received, with a significant number of users being highly satisfied. Overall, the data suggests a positive perception of the E-filing procedure and practice among the surveyed population.

Table 11: The following table is presented to understand the responses for overall experience regarding Income Tax Return E-filing

Responses	Frequency	Percentage (%)
Very Poor	7	1.56
Poor	17	4.16
Neutral	18	5.19
Good	187	45.19
Very Good	156	43.90
Total	**385**	**100.00**
Mean	**4.2156**	
Standard Deviation	**0.86468**	

Table 11: Overall experience regarding Income Tax Return E-filing

The data analysis shows that 385 respondents provided feedback on their overall experience with Income Tax Return E-filing. The majority of respondents rated their experience positively, with 45.19% indicating it was "Good" and 43.90% describing it as "Very Good." Conversely, only a small percentage found it "Very Poor" (1.56%) or "Poor" (4.16%). The mean rating was 4.2156, indicating an overall positive response. The standard deviation of 0.86468 suggests that the ratings were relatively consistent, with most falling close to the mean. Overall, the data indicates a satisfactory experience with E-filing for the majority of respondents.

Conclusion

The study aimed to investigate the progress, problems and perception of the e-taxation system in Dhule district, focusing on the yearly progress, awareness among tax-payers based on demographic variables, intentions towards e-filing of income tax returns, challenges faced in utilizing the e-filing system, and overall satisfaction level of tax-payers.

The research findings indicate a steady improvement in the e-taxation system over the years. The government's continuous efforts to enhance the system have led to increased adoption and a smoother e-filing process. This progress is evident in the rising number of tax-payers opting for e-filing, which has resulted in more efficient tax administration and increased tax compliance.

Regarding the awareness of tax-payers, the study revealed a positive correlation between age, education, occupation, and income level with the awareness and usage of e-filing. Younger, more educated, and higher-income individuals showed greater familiarity with e-filing procedures. This highlights the importance of targeted awareness campaigns and user-friendly interfaces to encourage wider participation in the e-taxation system.

Furthermore, the research uncovered encouraging results concerning tax-payers' intentions towards e-filing. A majority of respondents expressed a willingness to continue using the e-filing system due to its convenience, time-saving benefits, and reduced paperwork.

However, challenges persist, as some tax-payers reported encountering issues while utilizing the e-filing system. Common concerns included technical glitches, complicated interfaces, and inadequate customer support. Addressing these issues will be crucial to further enhance the system's efficiency and user experience.

Overall, the satisfaction level of tax-payers towards e-filing of income tax returns was generally positive. The ease of access, faster processing, and reduced dependency on traditional filing methods contributed to a satisfactory user experience. Nevertheless, continuous improvements in system reliability and user support will be pivotal in ensuring higher satisfaction levels among tax-payers.

In conclusion, the study emphasizes the need for ongoing efforts to enhance the e-taxation system in India. By addressing the challenges faced by tax-payers and focusing on targeted awareness campaigns, the government can foster greater acceptance and participation in e-filing, ultimately leading to more streamlined tax administration and increased tax compliance.

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