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Perception of Taxpayers Toward E-Filing in India: Motivational Factors, Challenges, and Satisfaction Levels

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ABSTRACT :

This paper explores the perception of Indian taxpayers toward the e-filing system of income tax returns. The research focuses on key factors that influence adoption, such as motivation, perceived problems, and user satisfaction. Using data collected from 101 respondents via structured questionnaires and analyzed through SPSS and Excel, the study identifies trust issues, procedural complexity, and technical knowledge gaps as the main barriers. It also assesses the role of faster tax refunds, special rebates, and convenience in motivating taxpayers to adopt e-filing. Recommendations for increasing adoption and improving user satisfaction are provided.

Keywords: E-filing, Taxpayer perception, Motivation, Trust, Digital taxation, India, Income Tax Return (ITR)

Introduction

Digital transformation has reshaped tax systems globally. In India, e-filing was introduced to streamline income tax return processes. However, successful implementation depends on user acceptance. This study investigates taxpayer perceptions and explores key psychological and technical barriers and drivers of e-filing adoption.

Objectives

- To assess taxpayers' awareness and trust in e-filing systems.
- To identify motivational factors encouraging the use of e-filing.
- To understand barriers to adoption, such as security concerns and technical complexity.
- To evaluate satisfaction levels with e- filing procedures and services.

Literature Review

Literature highlights that digital adoption in tax systems is heavily influenced by user trust, ease of access, and perceived utility. Globally, countries that provided security guarantees and simplified procedures saw higher adoption rates. In India, adoption lags due to a lack of awareness, fear of cyber threats, and limited digital literacy.

Research Methodology

Research Design

This study employs a **descriptive research design** aimed at understanding the perceptions, attitudes, and behaviors of individual taxpayers regarding e-filing in India. It captures cross-sectional data using quantitative techniques.

Research Type

Empirical research was chosen for its ability to collect primary data directly from respondents, enabling a realistic and fact-based analysis.

Population and Sample

The population for this study includes individual taxpayers across India who are eligible to file Income Tax Returns (ITR), either manually or through the online e-filing portal.

- **Sample Size:** 101 respondents
- **Sampling Technique:** Non-probability convenience sampling
- **Geographical Scope:** Pan-India (Responses received through online platforms from urban and semi-urban regions)

Sampling Frame

The respondents were selected irrespective of age, gender, occupation, or income bracket to ensure diversity in opinions.

Data Sources

- **Primary Data:** Collected through a structured questionnaire comprising 21 close-ended questions.
- **Secondary Data:** Sourced from journal articles, government websites (like incometax.gov.in), taxation blogs, budget reports, and academic papers related to digital taxation and technology adoption.

Instrument Design

The questionnaire was divided into four key sections:

Demographic information

1. **Motivational factors** behind e-filing
2. **Challenges or barriers** experienced in e-filing
3. **Satisfaction levels** with various features of e-filing

A **Likert scale (1 to 5)** was used to measure attitudes toward different aspects of the e-filing experience.

Data Collection Method

Data was collected over a period of two weeks using Google Forms and distributed through:

- WhatsApp groups
- LinkedIn and Instagram
- Email lists of working professionals and students

Data Analysis Tools

- **Microsoft Excel:** For charts and visualizations
- **SPSS (Statistical Package for Social Sciences):** Used for advanced statistical testing (ANOVA, t-tests, and regression analysis)

Data Analysis Demographic Analysis

Age Group Distribution:
- 18–25 years: 44 respondents (43.6%)
- 26–35 years: 33 respondents (32.7%)
- 36–45 years: 12 respondents (11.9%)
- Above 45 years: 12 respondents (11.9%)

Gender:
- Male: 57 respondents (56.4%)
- Female: 44 respondents (43.6%)

Occupation:
- Students: 31 (30.7%)
- Business professionals: 31 (30.7%)
- Employees: 22 (21.8%)
- Self-employed professionals (e.g., CAs, lawyers): 17 (16.8%)

Annual Income:
- Less than ₹2.5 lakhs: 31 respondents (30.7%)
- ₹2.5 – ₹5 lakhs: 27 respondents (26.7%)
- ₹5 – ₹10 lakhs: 22 respondents (21.8%)
- Above ₹10 lakhs: 18 respondents (17.8%)

Motivational Factors for E-Filing Adoption

Respondents were asked whether they were motivated by various benefits of e-filing:

Motivational Factor	Yes (%)	No (%)
Faster Tax Refund	78.2	21.8
Extension of Filing Deadline	67.3	32.7
Special Cash Rebates	82.1	17.8
Motivational Factor	Yes (%)	No (%)
Perceived Safety and Security	79.2	20.8
To Control Tax Avoidance	77.2	22.8

Interpretation: Special cash rebates and faster tax refunds are the strongest motivators for taxpayers to adopt e-filing.
Problems/Barriers in E-Filing
Respondents were asked to rate challenges using a 5-point Likert scale.

Problem	% Satisfied/Neutral	% Unsatisfied
Lack of Trust in E-Filing	54.4 (Satisfied + Neutral)	45.6
Lack of Security	59.4	40.6
Complexity of Procedure	42.6	57.4
High Cost of Filing	62.4	37.6
Lack of Technical Knowledge	33.6	66.4

Interpretation: The highest barrier reported was lack of technical knowledge, followed by procedural complexity and trust concerns.

Satisfaction Levels with E-Filing
Respondents rated satisfaction with different e-filing features on a scale of 1–5:

Feature	% Highly Satisfied/Satisfied	% Neutral	% Unsatisfied
E-Filing Procedure	71.2	20.8	7.9
Safety and Security Measures	78.2	15.8	5.9
E-Payment Integration	78.2	15.8	5.9

Feature	% Highly Satisfied/Satisfi ed	% Neutr al	% Unsatisfi ed
Portal Accessibili ty	79.2	12.9	7.9

Interpretation: Satisfaction levels are highest for accessibility and e-payment integration, while overall satisfaction with filing procedures is promising but still leaves room for improvement.

Hypothesis Testing (Summary)

1. ANOVA (Age vs Motivation):
   P-value $> 0.05 \Rightarrow$ No significant relationship between age and motivation.
2. T-Test (Gender vs Problems):
   P-value $> 0.05 \Rightarrow$ No significant difference in perceived problems between genders.

3. Regression (Occupation vs Complexity):
   $R^2 = 0.022 \Rightarrow$ Very weak relationship between occupation and perceived difficulty of e-filing.

4. T-Test (Income vs Satisfaction):
   P-value $> 0.05 \Rightarrow$ Satisfaction levels are consistent across income brackets.

Key Findings

- Lack of trust and security concerns remain key deterrents.
- Motivational factors like faster refunds and rebates are effective but under-leveraged.
- Satisfaction with service quality is improving, especially regarding accessibility and payment procedures.
- Offline tax professionals are perceived as more trustworthy by a segment of taxpayers.

Recommendations

- **Increase awareness:** Run targeted campaigns to demystify e-filing.
- **Enhance security features:** Build user confidence through encryption and certifications.
- **Simplify the process:** Improve UI/UX on the ITR portal and mobile apps.
- **Incentivize usage:** Offer cashback, rebates, or loyalty programs for early adopters.
- **Train users:** Launch community workshops or digital tutorials for first-time users.

Conclusion

E-filing is a crucial step toward digital governance in India. While taxpayers appreciate its convenience, trust and technical literacy pose adoption challenges. A multi- pronged approach involving awareness, simplification, and incentivization is essential to drive growth in e-filing adoption and achieve the government's digital goals.

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