

# Awareness and Satisfaction Level of Income Tax Payers Towards E-Filing in Mumbai City: An Empirical Study

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## **ABSTRACT:**

"E-filing of income tax" is the process of successfully submitting income tax forms online. The concept of e-filing income tax returns via the internet was developed by e-governance. As new technologies are developed daily with improved and fast speed in all fields, the internet has changed the face of work by reducing the workload from manual to sitting in a chair. As a result, the Income Tax department has accelerated the process for filing income tax returns for the benefit of both the government and the taxpayers by outlining the rules that must be followed. However, with the advent of new technologies in the modern era, one thing that is lacking is awareness and use of these technologies. For this reason, this paper examines the level of awareness of e-filing among individual taxpayers to gauge the respondents' level of satisfaction with e-filing. To this end, a field survey covering various employee levels was carried out in Mumbai, and the data was gathered using a questionnaire and analysed using the appropriate tests using SPSS.

**KEYWORDS:** Awareness Level, Satisfaction Level, Income Tax Payer, Income Tax, E-Filing, CBDT.

## **INTRODUCTION:**

An assessee's income is subject to an annual income tax. According to Section 4 of the Indian Income Tax Act, 1961, income tax will be assessed for the relevant assessment year at the rates established by the Finance Act for that assessment year, based on each person's total income from the prior year. Additionally, according to Section 14 of the Income Tax Act, all income must be categorized under the following heads of income to be charged income tax and used to calculate total income:

- Income from Salaries,
- Income from House Property,
- Income from Earnings from a Business or Profession,
- Income from Capital Gains,
- Income from Other Sources.

All activities related to the taxation process are handled by the Income Tax Department, which is a division of the Department of Revenue under the Ministry of Finance, Government of India, and is governed by the Central Board for Direct Taxes (CBDT). The total income from all five heads of income is calculated in accordance with the provisions of the Income Tax Act, 1961, with respect to each head as they stand on the first April of any fiscal year. The government prioritizes competence and justice in collecting fiscal

revenues for any administration. To improve the return filing system, the Income Tax Department of India launched the electronic tax filing system for income tax returns because direct taxes account for the majority of the nation's revenue. The e-taxation scheme was one of the "action lines" introduced in the Indian tax machinery in the A.Y. 2006-07 for all assesses. The overall goal of e-taxation is to replace laborious manual, bureaucratic service systems with collaborative, efficient, process-driven, and secure online delivery.

E-filing is a technique for submitting tax paperwork to the income tax department using the internet or direct connection, generally without the need to submit any physical documents. Various tax return preparation software with E-filing features is available as independent business usage. The phrase "e-file" refers to electronic filing, which is the process of transmitting your ITR to the tax office via the Internet from tax software.

The process of electronically filing an income tax return is known as "e-filing." Long lines and waiting for deposits are no longer necessary. The Income Tax Authority has created customized return forms, which are accessible on the department's website. These forms were created with information so that taxpayers don't need to provide any supporting documentation.

The department wanted a system that would simplify the income tax return filing procedure for taxpayers and cut down on the amount of time they needed to enter data after receiving the returns. The most practical solution to the department's requirements was to allow income tax returns to be filed online. Although the taxpayers would benefit from the service, the department needed to provide a setting that would make the user feel comfortable submitting his income tax returns online. Through approved middlemen known as "e-return intermediaries," e-filing assisted in the submission of income tax returns. Refund claims and income tax return processing response times both drastically decreased. These middlemen minimized duplication of labour, and most importantly, the online process allows taxpayers to file their forms without having to be physically present.

### **Definition of E- Filing**

E-file refers to electronic filing, which involves submitting your income tax return form and tax software through the IRS or state tax authority's website. You will get your tax refund sooner if you file your taxes electronically rather than by mail. Additionally, your tax data is sent straight to IRS computers, reducing the possibility of human keying or document scanning problems. E-filed forms save taxpayers a significant amount of money since they are 20 times less expensive to complete than paper returns.

## **REVIEW OF LITERATURE**

- 1. According to Dr. Chanchal Chawla et al. (2013)**, new technologies are being launched in every discipline at a rapid pace in the modern world. E-filing is a new tool that taxpayers have been given to help them file their income tax forms online. The modern, efficient way to file income tax returns online and make e-payments is called e-filing. In addition to saving money, time, and energy, it also eases our stress. Therefore, the adoption of electronic filing and electronic payment systems is encouraged for taxpayers. According to the survey, current users are happy with the e-filing features, but the majority of individual taxpayers are unaware of the e-filing processes. Therefore, adequate measures are needed to raise taxpayer knowledge of e-filing of income taxes.
- 2. Dr. M. Ragupathi (2015)**, states that their study examines e-filing awareness empirically. The practice of electronically submitting income tax returns (ITRs) is highly beneficial to both male and female taxpayers, and it also saves us valuable time. Most responders don't know how to use electronic filing.

For e-filers who upload their returns online, the Income Tax Department (IT) offers many training courses.

3. **According to Parmanand Barodiya and Ankesh Bhargava (2015)**, E-return filing is becoming more and more popular in the nation, particularly among members of the service class, The procedure of filing tax returns online allows the taxpayer to prepare and file their returns electronically using tax preparation software that has been pre-approved by the appropriate tax authorities. Advantage of IRT e-filing as allows citizens to file at any time and from any location, saves taxpayer time, reduces the interaction between ITD and the assesses, eliminates the need for physical space and record keeping, ensures that returns are easily available, ensures that data is accurate, and permits quicker return processing.
4. **Dr. Sathyadevi, R. et al. (2018)**, The survey made it abundantly evident that there is an increasing trend in the number of Indian taxpayers submitting their forms electronically. This indicates that the survey shows that taxpayers from all income levels use e-filing for tax purposes, regardless of their age or level of computer competence. They revealed how comfortable they are using this internet service. Taxpayers learn a lot when they listen to the rules and usage of electronic filing from a variety of sources.
5. **Dr. Ravi Bhandari et al. (2022)**, In their study came to the conclusion that most paid employees are not very aware of tax deductions. Compared to women, men are more conscious. In a similar vein, the bulk of salaried employees file their taxes utilizing professional services and adhere to the previous tax regime. Given that most paid employees are unaware of tax deductions, it may be inferred that tax planning is necessary for them.
6. **According to Shaniya Noor Fatma et al. (2024)**, their study examines the degree of satisfaction, preference, and knowledge of tax-saving patterns. When picking an investment to follow the tax-saving pattern, investors prioritized the safety of their money. As a result, it can be said that assessee may utilize the internet to learn about the many options and techniques for tax planning, as well as how to electronically file an income tax return on an individual basis through self-assessment of tax.

#### STATEMENT OF PROBLEM:

The latest trend is electronic filing. More taxpayers now prefer to file their taxes electronically. The goal of this study is to determine taxpayers' awareness and degree of satisfaction with electronic income tax filing.

#### NEED FOR THE STUDY

One of India's main sources of income, the Income Tax Department provides taxpayers with top-notch services. In order to streamline the filing process for taxpayers and cut down on the amount of time needed for data entry upon return receipt, the Department implemented Electronic Filing, or e-filing, for income tax returns (ITRs). This essay discusses tax legislation, the process for tax assessment and payment, and the significance and awareness of e-filing services.

#### OBJECTIVE:

To Determine the degree of taxpayer's awareness regarding electronic filing of income tax returns.  
To Study how satisfied taxpayers are with electronically completing their income tax returns based on their gender.

**HYPOTHESIS**

H1. Taxpayers' awareness of electronically submitting their income tax returns is not significantly correlated with their gender.

H2. Taxpayers have very low levels of satisfaction with e-filing, accessibility, and ease of e-filing their income tax returns.

**RESEARCH METHODOLOGY:**

1. **Study type:** The study is descriptive in character.
2. **Data sources:** Primary and secondary sources make up the study's data set.
3. **Primary data:** The questionnaire approach is used to get the primary data.
4. **Secondary data:** Books, journals, online journals, and websites pertaining to the subject are the sources of secondary data.

**RESEARCH DESIGN:**

Sample size: 100 respondents who are regularly paid and involved in any economic activity make up the sample size chosen for this study.

**STATISTICAL ANALYSIS:**

ANOVA and The Five-Point Likert scale was used to examine the association between taxpayers' gender and their degree of awareness, while the chi-square test was employed to examine the relationship between gender and satisfaction. Regarding the electronic filing of income taxes, contentment with the ease of use and accessibility of electronic filing.

**FINDINGS AND RESULTS**

**Table 1 Demographical Profile of The Tax Payers**

Particulars	Demographical Profile	N=100	
		Frequency	Percentage (%)
Gender	Male	47	47
	Female	53	53
Age	Below 30	47	47
	31 To 40	08	08
	41 To 50	36	36
	51 To 60	07	07
	Above 60	02	02
Education	SSC Or Below	20	20
	HSC	26	26
	Degree Holder	26	26
	Diploma	00	00
	Post Graduates	10	10
	Professional Degree	08	08
	Ph.D	10	10
	Upto 3,00,000	74	74

Income	3,00,001 To 7,00,000	10	10
	7,00,001 To 10,00,000	07	07
	10,00,001 To 12,00,000	00	00
	12,00,001 To 15,00,000	04	04
	Above 15,00,000	05	05
Sources of Awareness	Friends / Colleagues	47	47
	Newspaper	09	09
	Tax Department	05	05
	Auditors	06	06
	Media	26	26
	Advertisement	07	07

**Table 1:**

**1.1 Classification based on Gender:** Table 1 Reveals that 47% of the respondents are male, and 53% of the respondents are female. It is inferred from the above that majority of the individual tax payers are Female (53%).

**1.2 Classification based on Age Group:** Table 1 that the age group of the respondents are 30 Or Below 47 percent, 31-40 are 8 percent, 41-50 are 36 Percent, 51- 60 are 07 Percent and above 60 are 02 Percent.

**1.3 Classification based on Education:** Table 1 reveals that out of 100 respondents, 20 percent of the individual tax payers are studied up to SSC Or Below, 26 percent of the individual tax payers are HSC, 26 percent of the individual tax payers are degree holders, 00 percent of the individual tax payers are Diplomas. 10 percent of the individual tax payers are Post Graduates. 08 percent of the individual tax payers are Professional Degree holders. 10 percent of the individual tax payers are PH.d holders. It is inferred from the above that majority of the individual tax payers are degree holders.

**1.4 Classification based on income level:** Table 1 reveals that out of 100 respondents, 74 percent of the individual tax payers Upto 3,00,000, 10 percent of the individual tax payers are 3 Lakhs to 7 Lakhs, 07 percent of the individual tax payers are 7 Lakhs to 10 Lakhs and 00 percent of the individual tax payers are 10 Lakhs to 12,00,000 lakhs. 4 percent of the tax payers are 12 Lakhs to 15 Lakhs and 5% of the individual tax payers are above 15 lakhs.

**1.5 Classification based on sources of awareness:** Table 1 shows that the 47 percent respondents are aware of e-filing of tax through friends or colleagues, 9 percent respondents are through newspapers, 5 percent through tax department, 6 percent through Auditors, 26 percent through media, and 7 percent through Advertisements.

**Table 2 Level of Awareness of Tax-Payers and Gender**

Individual Variable	Groups	Sum of Square	Df	Mean Square	F	Sig
Awareness of E-filing	Between Groups	4.991	1	4.991	4.714	.032
	Within Groups	103.759	98	1.059		
	Total	108.750	99			
	Between Groups	1.660	1	1.660	1.382	.243

Awareness of E-filing Procedure	Within Groups	117.730	98	1.201		
	Total	119.390	99			
Awareness of E-forms	Between Groups	2.976	1	2.976	2.966	.088
	Within Groups	98.334	98	1.003		
	Total	101.310	99			
Awareness of Time Limit of E-Filing	Between Groups	2.041	1	2.041	1.687	.197
	Within Groups	118.549	98	1.210		
	Total	120.590	99			
Awareness about Cost of E-filing	Between Groups	.364	1	.364	.293	.590
	Within Groups	121.746	98	1.242		
	Total	122.110	99			
Awareness of Website Address for E-filing	Between Groups	3.180	1	3.180	2.738	.101
	Within Groups	113.820	98	1.161		
	Total	117.000	99			
Awareness of Digital Signature	Between Groups	.304	1	.304	.285	.595
	Within Groups	104.446	98	1.066		
	Total	104.750	99			
Awareness of ITR-1 To ITR-7 Forms	Between Groups	5.666	1	5.666	5.543	.021
	Within Groups	100.174	98	1.022		
	Total	105.840	99			
Awareness of ITR-5 Forms	Between Groups	10.575	1	10.575	10.838	.001
	Within Groups	95.615	98	.976		
	Total	106.190	99			
Awareness of E-Payment Criteria	Between Groups	1.162	1	1.162	1.120	.293
	Within Groups	101.678	98	1.038		
	Total	102.840	99			
Awareness of filing the Chelan for payment	Between Groups	4.218	1	4.218	4.031	.047
	Within Groups	102.532	98	1.046		
	Total	106.750	99			
Awareness of computer software for E-filing	Between Groups	6.434	1	6.434	5.799	.018
	Within Groups	108.726	98	1.109		
	Total	115.160	99			
Awareness list of banks	Between Groups	2.325	1	2.325	2.302	.132
	Within Groups	98.985	98	1.010		
	Total	101.310	99			
Awareness of Terms and Conditions of E-Payment	Between Groups	9.397	1	9.397	8.559	.004
	Within Groups	107.603	98	1.098		
	Total	117.000	99			

**Table 2** Explains that, the calculated value is greater than the 0.05 at 5% level of significance. So, hypothesis is accepted. Hence, it is concluded that there is no significance relationship between the gender

and the level of awareness regarding the e-filing procedure, e-forms, time limit of returns, cost of e-filing, website address for e-filing, digital signature, e-payment, list of banks.

The calculated value is less than 0.05 at 5% level of significance regarding the relationship between gender and the level of awareness regarding awareness of e-filing, ITR-1 To ITR-7 Forms, ITR-5 Forms, Chelan for payment, computer software for E-filing, and Terms and Conditions of E-Payment. Hence the hypothesis is rejected. So, there is a significance relationship between gender and the level of awareness regarding awareness of e-filing, ITR-1 To ITR-7 Forms, ITR-5 Forms, Chelan for payment, computer software for E-filing, and Terms and Conditions of E-Payment

**TABLE 3 SATISFACTION LEVEL OF TAX-PAYERS**  
**Satisfaction Towards E-filing of Income Tax**

e			Respondents		Total
			Male	Female	
Answers	Highly Satisfied	Count	08	05	13
		Expected Count	6.1	6.9	13
	Satisfied	Count	25	22	47
		Expected Count	22.1	24.9	47
	Neutral	Count	13	18	31
		Expected Count	14.6	16.4	31
	Dissatisfied	Count	00	08	08
		Expected Count	3.8	4.2	08
	Highly Dissatisfied	Count	01	00	01
		Expected Count	0.5	0.5	01
Total		Count	47	53	100
		Expected Count	47.0	53.0	100

**Table 3.1 Respondents Cross tabulation**

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.368	4	.035

Table 3 (i) shows that the table value of  $\chi^2$  is 9.49 at d.f. 4 and 5% significance level is less than the calculated value of  $\chi^2$  that is 10.368 which states that the hypothesis that the satisfaction level of tax payers towards e-filing is low proves false.

**Satisfaction towards accessibility of E-Filing**

Satisfaction towards accessibility of E-Filing			Respondents		Total
			Male	Female	
Answers	Highly Satisfied	Count	05	03	08
		Expected Count	3.8	4.2	08
	Satisfied	Count	23	22	45
		Expected Count	21.2	23.9	45
	Neutral	Count	17	20	37
		Expected Count	17.4	19.6	37
	Dissatisfied	Count	00	06	06
		Expected Count	2.8	3.2	06
	Highly Dissatisfied	Count	02	02	04
		Expected Count	1.9	2.1	04
Total		Count	47	53	100
		Expected Count	47.0	53.0	100.0

**Table 3.2 Respondents Cross tabulation**

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.429	4	.169

Table 3.2 shows that the table value of  $\chi^2$  is 9.49 at d.f. 4 and 5% significance level is more than the calculated value of  $\chi^2$  that is 6.429 which states that the hypothesis that the satisfaction level of tax payers towards e-filing is high proves true.

**Satisfaction Towards Easiness of E-filing**

Satisfaction Towards Easiness of E-filing			Respondents		Total
			Male	Female	
Answers	Highly Satisfied	Count	07	02	09
		Expected Count	4.2	4.8	09
	Satisfied	Count	22	23	45
		Expected Count	21.2	23.8	45
	Neutral	Count	15	23	38
		Expected Count	17.9	20.1	38
	Dissatisfied	Count	01	04	05
		Expected Count	2.4	2.6	05
		Count	02	01	03



	Highly Dissatisfied	Expected Count	1.4	1.6	03
Total		Count	47	53	100
		Expected Count	47.0	53.0	100.0

**Table 3.3 Respondents Cross tabulation**

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.280	4	.179

Table 3.3 shows that the table value of  $\chi^2$  is 9.49 at d.f. 4 and 5% significance level is more than the calculated value of  $\chi^2$  that is 6.280 which states that the hypothesis that the satisfaction level of tax payers towards e-filing is high proves true.

**LIMITATIONS OF THE STUDY**

1. The survey was only carried out in the city of Mumbai. Therefore, it's possible that the findings of this study won't apply to different contexts.
2. This study's primary goal is to gauge taxpayers' awareness and satisfaction level about electronically submitting income tax returns.

**DISCUSSION**

- It is preferable to avoid digital signatures.
- During busy hours, the network is a major issue.
- People who are not computer proficient cannot perform this task.
- The registration number is hard to remember.
- Our files are safer when we file electronically.
- The results of e-filing are quite accurate.
- E-filing provides extremely quick acknowledgement.
- If a PAN number changes during tax filing, the file cannot be completed.
- The expense of renewing a digital signature is expensive.

**CONCLUSION:**

In the modern world, new technologies are being introduced in every industry. Taxpayers have been given access to new technology called e-filing, which allows them to file their income tax forms online. E-filing for income taxes is the most secure website. E-filing is the innovative, efficient way to file your income tax return online and pay your taxes electronically. It lowers our stress levels and saves money, time, and energy. Taxpayers are thus encouraged to utilize the e-filing and e-payment tools. Most of the taxpayers in Mumbai are aware of e-filing of income tax and also the study indicates that most of the customers are happy with the services.

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