

E-FILING OF INCOME TAX RETURNS IN INDIA- AN OVERVIEW

¹M. Kumra swamy, ²Shivakumara B

¹Professor, ² Research scholar.

¹DOS in Commerce, Manasagangothri, University of Mysore,
Mysuru, Karnataka, India.

Abstract:

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 return 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 reduces our tension. So, the tax payers are required to use e-filing facilities. This study reveals that the existing users are satisfied with the e-filing facilities but most of the individual tax payers are not aware of the e-filing procedures so sufficient steps are required for create more awareness in the minds of tax payers regarding e-filing of income tax.

Keywords; e-filing, assesseees, income tax

I. INTRODUCTION

Income tax is an annual tax on income which is levied by the central government. The taxpayer has to communicate the details of his taxable income/loss to the Income Tax Department. These are communicated to the Income Tax Department in the form of return of income. Governments around the world are using e-government services in various areas of public service delivery due to effectiveness and applicability of electronic services. Increasing use of information and communication technologies and applicability of e-governance services in various areas helps government to successful implementation of e-governance services. Income tax department of India launched the electronic tax filing system of income tax returns. E-taxation scheme was one of the action plans introduced in Indian Tax Department in the A.Y. 2006-07 for all assesseees. E-filing system provides facilities to taxpayers to submit their tax returns electronically.

Electronic filing is an emerging area of e-governance. Many developed countries today have initiated e-filing of Income Tax Returns. The aim of e-governance is to provide better services for the people by taking advantage of information and communication technology. E-Governance creates better communication between government and its citizens. It not only helps the government to accomplish daily administrative activities, also provides more easy way to communicate with external entities such as citizens and business through the utilisation of information technology. Success of e-governance depends on the importance that citizen's place on factors such as convenience and usefulness of such

services. Various measures have been taken by government on simplification of tax administration. E-filing is one of the most important and advanced e-governance services. It provides convenience to taxpayer for tax assessment.

II. LITERATURE REVIEW

The authors have carried out a review of literature relating to the income tax and e-filing of income tax. An attempt has been made to summarise the important studies and works keeping in mind the relevance of the present paper.

Rahul. T (2018) A study of e-filing of income tax return in India. In the present world, new technologies are introduced in all fields. The new technology is gift to a tax payer for filing their Income Tax Returns is e-filing. New technologies are rising day by day with enhanced and speed in all fields. It states the importance of online tax filing process as well as the benefits of the technology.

Naveen Kumar C and Dileep Kumar S D (2018) “Problems and Prospects of E-filing of Income Tax Returns” New technologies are introduced in the modern world along with improving it at a very fast in all fields. Now new technology gifted to tax payers for filing their income tax return through online is E-filing.

Pooja Goel (2018) “Issues and Prospects of E-Filing of Income Tax Returns: A Conceptual Study” the researcher conclude current clients are happy with the E-filing offices however many of the individual citizens do not know about the E-filing methods so adequate advances are needed for make more mindfulness in the personalities of citizens in regards to E-filing of annual expense.

Rahul (2017) “A study of e-filing of income tax return in India” stated that new technologies are presented to tax payers in the form of e-filing. The e-governance has industrialized the concept of e-filing of Income Tax Returns through the internet.

Jyothi Arora, (2016), "E-recording of Income Tax Return in India", he broke down in this examination, manages the advantages, cycle, patterns and features (ITRs) of E-filing among the occupants of country. In the current world new data innovation is being presented quick altogether fields.

III. OBJECTIVES OF THE PAPER:

The paper is constructed based on the following objectives

1. To study the provisions under Income tax Act for e-filing of Income Tax
2. To analyse the steps in e-Filing of Income Tax Returns.
3. To identify the pre-requisite documents for e-Filing of Income Tax Returns.
4. To understand the procedure for e-Filing of Income Tax Returns.
5. To highlight the problems of e-Filing of Income Tax Returns

IV. RESEARCH METHODOLOGY

The researcher has constructed the paper based on secondary data. An effort has been made to review literature reports, statistical figures, Income tax books, Income Tax act, and other information are collected from books, research report, published document by the government of India and official websites.

V. DATA INTERPRETATION

1. Tax Structure in India

The taxation is the primary source of revenue to the government. Taxes are compulsory or enforced contribution to the government by public. A tax is a mandatory fee or financial charge levied by any government on individual or an organisation. Article 265 of the constitution lays down no tax shall levied or collected except the authority by law. Government is taking taxes from public through its one hand and through another hand it incurs welfare expenditure for public large. To run a nation the government need collect tax from citizen. The collected fund is then used to fund different public expenditure programs. If one fails to pay the taxes or refuse to contribute towards it will invite serious implication under law. Direct Tax is which is imposed directly on the tax payer and paid directly to the government. Direct tax is tax that cannot be passed on by the taxpayer to someone else. Which means the impact and incidence of taxation fall on the same person or entity. The burden of the payment is on the person who earns the money. It is applied to all individuals, HUF, and company. Indirect Tax is a tax which is indirectly collected from our income by way of consumption of goods and services. Tax is collected by dealer, who submit to the government. The entire burden of the tax is on the ultimate consumer, but the intermediate liability to pay tax is on the supplier of goods and services. It is the tax where the impact of the tax is one person and incidence of it on the other person.

Income Tax is classified five heads under the Income Tax Act, under chapter 4 of Income Tax Act, 1961(Section 14). Income of a person is calculated under various defined heads of Income. The total income is first assessed under heads of income and then it is charged for income tax as under rules of Income Tax Act. According to section 14 of Income Tax Act,1961 following heads of income under which total income of a person is calculated.

1. Income from Salary
2. Income from House Property
3. Income from Capital Gain
4. Income from Business/ Profession
5. Income from Other Sources

Total income is computed by aggregating the sources classified under five different heads. Heads of income under the Income Tax Act are Income from salary, House property Income, Income under the head business and profession, Capital gains and Income from other sources. Incomes under each head are computed as per the provisions of the respective head after Clubbing of income and set off and carry forward of losses. The income so computed is called Gross Total Income (GTI), and deductions under chapter VI-A are allowed and the

balance is called Total income on which income tax slab rates prescribed in the Finance Act are applied to compute the amount of tax liability.

2. Income Tax Returns

ITR stands for Income Tax Returns. It is a prescribed form through which the particulars of income earned by a person in a previous year and taxes paid on such income are communicated to the Income-tax Department. Different forms of returns of income are prescribed for filing of returns for different status and nature of income. In India, Income Tax e-filing was introduced on a voluntary usage basis for all categories of income tax assesses in September, 2004. It was made mandatory for all corporate firms in July, 2006 and for all companies and firms requiring statutory audit under section 44AB of Indian Income Tax Act in 2007. As per the notification dated 1st May 2015, every individual with an annual income of over Rs.5 lakhs will have to file tax returns in electronic form. In order to enable taxpayers to meet their normal tax obligations in a convenient manner without visiting Income Tax Office (FINMIN, 2008), the department has taken various measures with which the rate of e-filing has substantially increased.

3. Modes of E-filing Income tax returns

There are four ways to file Income tax returns:

1. E-filing with digital signature

This option requires one to use a digital signature to sign the E-file. It is the most time saving method as it ensures we don't have to visit any department office again.

2. E-filing without digital signature

If we don't have a digital signature, we will need to print out the single page receipt cum verification form, called as ITR-V, after completing the E-filing process. The form ITR-V has to send to the CPC Centre, either through ordinary or speed post, within 120 days of uploading the electronically filed return.

3. Manual filing

People who are not comfortable with this online system may choose to use the traditional paper form option.

4. E-return intermediary

An E-return intermediary (PDF) file that opens in a new window is an agent, chartered accountant or firm that completes the E-filing process and submits the receipt cum verification form to the correct Income tax counter.

5. Documents Required For E-Filing of Income Tax Returns

- 1) Choosing the applicable Income tax return form
- 2) Link Aadhaar with PAN
- 3) For salaried Employee
 - a) PAN
 - b) Form -16 issued by the employer
 - c) Month -wise salary slip
- 4) Documents related to interest income

- a) Bank statement /passbook for interest on savings account
- b) Form-16 issued by the employer
- 5) Form 26AS
- 6) Section 80 investments
- 7) Documents required to claim the following expenses as Deductions
- 8) Other investments documents

6. Benefits of e-filing of Income Tax Returns

- ❖ **Fast Processing:** The acceptance of ITR submission is fast and the refunds are processed faster by the Income Tax Department for the electronically filed ITRs.
- ❖ **More Accurate:** E-Filing software with built-in validations and electronic connectivity to Income Tax Department is faultless and help minimize errors. Paper based filing with self-calculations can be prone to mistake. Also, when any paper-based form is transferred to electronic system, there is always a likelihood of human error in data entry.
- ❖ **No Time place constraint:** Assessee can file the return at any time and at any place. E-Filing is available 24 hours a day and 7 days a week, so taxpayers may file their return at their own convenience.
- ❖ **More Secure than Paper based filing:** E-filing is safer than paper based filing. With paper based filing your private identity information is lying in files and can be passed from one person to another person in the CA's office or in department's office.
- ❖ **You can easily access and use your data for future returns:** Most of the paid E-filing software applications store your data in a secure way and allow you to access it whenever you are ready to file subsequent returns.
- ❖ **It is good for the environment:** E-Filing is environment responsive. You just need to print no or at most one page instead of manifold copies of multiple pages that is required in case of paper-based filing.

7. Numbers of income -tax returns filed(including revised returns)

| PAN category | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 |
|-----------------|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
| AOP | 1,01,266 | 1,06,828 | 1,47,665 | 1,62,490 | 2,07,287 | 2,05,333 |
| BOI | 4,282 | 4,176 | 5,556 | 5,556 | 6,981 | 6,537 |
| COMPANY | 7,15,005 | 7,53,508 | 7,80,470 | 8,03,990 | 9,42,834 | 9,64,862 |
| FIRM | 9,92,500 | 9,92,134 | 11,10,762 | 11,81,369 | 13,93,792 | 14,09,744 |
| GOVERNMENT | 10 | 35 | 75 | 108 | 239 | 349 |
| HUF | 9,55,457 | 9,66,500 | 10,42,522 | 11,63,543 | 12,88,544 | 12,14,410 |
| AJP | 8,653 | 8,784 | 10,382 | 10,899 | 11,455 | 10,673 |
| LOCAL AUTHORITY | 2,815 | 2,631 | 3,394 | 3,483 | 3,959 | 3,746 |
| INDIVIDUAL | 3,50,43,126 | 3,74,08,937 | 4,29,25,794 | 5,22,05,021 | 6,45,58,970 | 6,32,50,002 |
| AOP(TRUST) | 1,83,712 | 1,88,157 | 2,75,810 | 2,64,519 | 2,92,047 | 2,92,173 |
| TOTAL | 3,79,74,966 | 4,04,31,690 | 4,63,02,430 | 5,58,00,978 | 6,87,06,068, | 6,73,57,829 |

Source : Income Tax Department

VI. SOME OF THE MAJOR FINDINGS OF THE PAPER:

1. Individual assesses who is less than 60 years of age and has an annual income more than Rs 2.5 lakh i.e. above basic exemption limit has to file income tax returns, according to the Income Tax Act.
2. Taxpayers claiming relief under section 90, 90A or 91 shall furnish the return of income electronically with or without digital signature or by using electronic verification code.
3. Filing of income returns is mandatory even if your gross total income is below the basic exemption limit and tax has been deducted from your income, and then you have to claim income tax refund.
4. The study proves that filling of income tax returns contribution of knowledge and understanding of tax regulation leads to a better compliance by the tax payer.
5. E-filing is very convenient and user-friendly for the assessee to filing the return through electronically is very faster than manually and it reduces the paperless transaction.
6. E-filing is not user-friendly but also save the golden time; it can be submitting 24X7 during the dates given by the tax authorities.
7. E-filing is possible with or without digital signature. Digital signature is mandatory for companies from assessment year 2010-11.
8. It is safe and documentary evidence for the future course of actions like; maintain of books of accounts, payment of tax, sources of income, tracking the status and refund of tax.

VII. SOME OF THE MAJOR SUGGESTIONS OF THE PAPER:

1. No needs panicky about letter received from Income Tax Department it requires clarifications about your returns at the time of scrutiny.
2. The Scrutiny of Income Tax Returns of only three percentages of the total retunes submitted in the year on random basis, it is selected by the monitor and some cases are selected by the Income Tax Department deliberately as they fall under certain criteria.
3. The tax department should provide full security for the data provided by the tax payers by adopting updated technology regarding security and privacy.
4. The tax department should simplify the procedure of tax e-filing. Therefore, it is possible for many taxpayers to pay their tax through e-filing by using simple electronic devises.
5. The software should be programmed with full privacy and security there by protects the information and bank account details provided by the taxpayers from virus or malware on the computer.
6. The income tax department must educate and demonstrate to assess who sublimit the returns at the first time in the department itself through on-line about the different steps in filing of Income Tax.
7. Tax authorities and the central government should increase their promotional advertisement and website to create more awareness towards e-filing.
8. Knowledge about convenience of e-filing should be given to those who do not have any motivation towards e-filing.

VIII. CONCLUSION

E-Return filing is getting popularity in the country. Many researchers have highlighted the importance of perceived risk associated with E-Return. But there are many benefits of filling return electronically. It enables citizens to file anytime from anywhere, reduce requirement of physical space, accuracy of data ensured, and enable faster processing of returns. However, there are many challenges regarding adoption of e-filing by mass population. The main challenge is risk of security. Security includes confidentiality of data received through e-Return and Integrity of data maintained in proper manner so that no one can alter data received through E-return. Income tax department done a lot to aware peoples but still there is need to promote e-filing campaigning and enhance some job opportunities as TRPs in the society so that people become more aware about this new opportunity.

The tax authorities importance should be given to security of private data of customers, so that more and more people electronically file their returns also some awareness drives should be arranged by tax department and also social media can be used motivate peoples to file their return electronically. Income tax filling software overcomes all the hurdles and missing deadlines by reminding the due date right on time with its accurate timers and updates tracking the filing forms. This helps in fulfil tax compliances and saving all the additional penalties and late fees of taxpayers.

IX. REFERENCE

1. Chopra, M. P., Sharma, P. R. K., Agnihotri, A., Nagar, S., Shaupp, L. C., & Hobbs, J. (2017). Attitude of Tax Payers towards E-Filing of Income Tax Return : An Analytical Study. (4), 38–45.
2. C, N. K., & Dist, M. (2018). Problems and Prospects of E-filing of Income Tax Returns. 1(January), 52–61.
3. Arora, J. (n.d.). E-FILING OF INCOME TAX RETURNS IN INDIA – AN OVERVIEW Jyoti Arora Assistant Professor in Commerce, GGSDS College, KheriGurna, Banur.
4. Matharu, S. K. (2017). THE ACCEPTANCE OF THE E-FILING SYSTEM BY INDIAN TAXPAYERS : A CONCEPTUAL STUDY . 2(2), 1–10.
5. Gayathri, P., & Jayakumar, K. (2016). A Study on Tax Payer ' s Perception Towards E-Filing of Income Tax Returns with Reference to Teachers in Bengaluru East , Karnataka. (February), 32–38.
6. Rahayu, Y. N., Setiawan, M., & Troena, E. A. (2017). The role of taxpayer awareness , tax regulation and understanding in taxpayer compliance. 9(November), 139–146. <https://doi.org/10.5897/JAT2017.0267>
7. Of, M., Benefits, P., By, F., & Payers, T. A. X. (2018). ORIGINAL RESEARCH PAPER MEASUREMENT OF PERCEIVED BENEFITS OF E- Dr . Yagnesh M . Dalvadi Mr . Chintan V . (1), 29–30.
8. April, J., Jeevan, C., Vidyalaya, C., Maha, M., & Assandh, V. (2018). THE ACCEPTANCE OF THE E-FILING SYSTEM BY INDIAN TAXPAYERS : A CONCEPTUAL STUDY . 5(4), 295–300.

9. Journal, A., Review, E., & Vii, V. (2019). Analysis of Taxpayers' Intention to Use Tax E-Filing System in Tanzania: Controlling for Self-Selection Based Endogeneity Alfred Kimea, † Cyril Chimilila †† and Joyce Sichone †††. VII(2), 193–212.
10. Muthulakshmi, K. S. K. (2019). E-Filing of Income Tax Return : A Study on Awareness and Satisfaction Level of Tax Payers in Trichy City E-Filing of Income Tax Return : A Study on Awareness and Satisfaction Level of Tax Payers in Trichy City. (January 2017), 7–11.
11. Journal of Internet Banking and Commerce. (2020). 1–9.
12. Level, S., Tax, O. F., & Towards, P. (2020). " AWARENESS AND SATISFACTION LEVEL OF TAX PAYERS TOWARDS E- FILING OF INCOME TAX RETURNS " Submitted By. 2020.
13. Ngigi, M. Ben, County, N., Gousco, D., Action, R., Behavior, P., & Model, T. A. (2006). Literature Review 1. (1998).
14. A Study of Taxpayers ' Intention in Using E-Filing System : A Case in Labuan A Study of Taxpayers ' Intention in Using E-Filing System : A Case in Labuan F . T s. (2009). (May 2014). <https://doi.org/10.5539/cis.v1n2p110>
15. Geetha, R., & Sekar, M. (2012). E-Filing of Income Tax : Awareness and Satisfaction level of individual Tax payers in Coimbatore city , India. 1(4), 6–11.
16. Puthur, J. K., & George, A. P. (2016). Government site for E-filing. 8(1), 46–59.
17. Jain, R. (2017). E-Filing of Income Tax Returns : Satisfaction level of Individual Tax Payers in Udaipur District , Rajasthan. 9(7), 172–177.
18. Kotnal, J. R. (2017). Perception towards Income tax E-Filing : An empirical investigation. 63–67.
19. PERCEPTION OF TAXPAYERS ' TOWARDS E -FILE ADOPTION. (2017). 5, 325–332. <https://doi.org/10.5281/zenodo.1117173>
20. Balmi, M. C. (2016). A Study on the Impact of Quality Antecedents on Individual Tax Payer ' s Adoption of E-Filing in India. (2), 178–186.
21. Kumar, M., Anees, M., & Author, C. (2014). E-Filing : Creating New Revolution in Taxation of India. 6(4), 379–384.
22. Rajeswari, K., & Mary, T. S. (2014). E-Filing of Income Tax returns : Awareness and Satisfaction level of salaried employees. 2(9), 39–45.