



CHARTERED ACCOUNTANTS' PERCEPTION TOWARDS E-TAXATION

KEYWORDS

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ABSTRACT *Taxation plays a critical and pivotal role in the process of advancement and growth of any country. The Income Tax department desired a system that would make the process of filing of income tax returns (ITRs) easier for taxpayers as well as reduce the time required for data entry at their end on receipt of the ITRs. The tax administration is revamped to treat taxpayers as customer. The newly set up Tax Administration Reforms Commission (TARC) seeks to remove the daily barriers and obstacles faced by taxpayers as part of its attempt to identify the critical mass of administrative steps required to strengthen the tax system. E-filing portal was revamped with new features such as extension of electronic filing of all income-tax return forms and enabling access to history of returns filed. Duplication of efforts were eliminated by these intermediaries and most of all in the online procedure the tax payers do not have to be physically present for filing their returns. This paper is an attempt to find out the CHARTERED ACCOUNTANTS' PERCEPTION TOWARDS E-TAXATION. This unit of analysis for the study is Chartered Accountants' opinion that they have used the e-filing system and hoping to re-use it again. The study is designed in a cross-sectional survey to obtain information from 120 respondents over a period of time about their views on benefits of e-filing system, mode of filing facilitating condition and difference between manual filing vs. e-filing of income tax system.*

INTRODUCTION

Any Government gets its revenue for expenditure purpose from three different sources i.e. income from taxes, income from services rendered to the general public and various grants and contributions received from foreign countries and international organizations. Mostly each and every government collects its major revenue by way of taxes, which is a compulsory charge imposed by the government without rendering any service to tax-payer. Income-tax i.e. tax on all types of income received by an individual in a given period comes under the direct tax segment which has proved to be the major source of revenue to the government of majority of the countries in the world and an ideal tax from the point of view of equity. In this information communication technology era, every government is required to develop a reliable, fast and customized channel for service delivery under various e-governance initiatives. The volume of data the Income Tax Department is handling today is huge as can be gauged from 270 million entries relating to tax deducted at source alone. This volume will only grow manifold in the coming decade. Data pertaining to high value transactions received from third parties is worth ` 100 trillion today. As this requires reliance on improved tax administration to increase revenues, it is very important to get on with the task of modernizing the tax administration through introduction of computerization and other modern methods. Policy changes without administrative change are nothing. It is very critical to ensure that changes in tax policy are compatible with administrative capacity. The modern approach to tax administration rests on treating taxpayers as a client to be served. An important phenomenon of recent times is the rapid growth of the accountancy profession. The vast changes occurring in the economy of the country have been placing great responsibilities on the Chartered Accountants. The types of functions generally performed by the Chartered Accountants are varied and the more important ones amongst them is Taxation.

Membership Status of the respondents

The Institute of Chartered Accountants of India (ICAI) is the national Professional Accounting Body of India. It was established on 1st July 1949 as a body corporate under the Chartered Accountants Act, 1949 enacted by the Parliament (acting as the provisional Parliament of India) to regulate the profession of Chartered Accountancy in India. ICAI is the only licensing cum regulating body of the financial audit and accountancy profession in India. Members of the Institute are

known as Chartered Accountants. FCA stands for Fellow Chartered Accountants which one becomes after holding COP (Certificate of Practice) for more than 5 years whereas ACA stands for Associate Chartered Accountant who holds COP for less than 5 years.

TABLE 1
Membership Status of the respondents

Membership Status	Frequency	Percentage
A.C.A	33	27.5
F.C.A	87	72.5
Total	120	100

Source: Primary Data

Among the total 120 respondents of the study, the above table reveals that a vast majority of 87 respondents forming 72.5 are holding Fellow Chartered Accountants status and only 42 respondents forming 27.5 percent are holding Associate Chartered Accountant status.

Mode of Filing of Income Tax Returns

In the past decade tax returns of income were filed in paper form only. With the advent of Information Technology, Online Tax Accounting System has been introduced. Tax filing has become simpler and more convenient than the complicated process it used to be a few years ago. A study is conducted to know the mode of filing the return of income adopted by the respondents. The following table shows the details in this regard.

TABLE 2
Mode of Filing of Income Tax Returns

Mode	Frequency	Percentage
Online	26	21.7
On paper	4	3.3
Both	90	75
Total	120	100

Source: Primary Data

The above table shows that 75 per cent of the Chartered Accountants adopt both the modes i.e. electronically and in paper form for filing the returns of income. Only 4 (3.3%) of the Chartered Accountants adopt the traditional paper mode of filing income tax returns and it

can be observed that 21.7 per cent of the Chartered Accountants use only e-filing mode for filing the returns of income.

Percentage of E-filing

E-Filing is a dedicated technology. Majority of the Chartered accountants prefer to file the income tax returns electronically as it is quick and time saving mode. It is possible to file return any time and from anywhere. The following table shows the details of percentage of e-filing.

Table 3
Percentage of E-filing

E-filing (%)	Frequency	Percentage
Less than 25	10	8.3
25 – 50	24	20
Above 50	86	71.7
Total	120	100

Source: Primary Data

From the above table it is clearly observed that a majority of 71.7 percent of the chartered accountants are filing more than 50% of the income tax returns through electronic mode, 20 percent of the chartered accountants are filing between 25% to 50% of the income tax returns electronically and only 10 chartered accountants are filing less than 25 % of the income tax returns through electronic mode.

Benefits of E filing of Income Tax returns

The study is conducted to know the benefits enjoyed by the Chartered Accountants in electronically filing the returns of income. It is observed by the researcher from the Chartered Accountants, who file the returns of income electronically that the most common benefit is quick and time saving.

TABLE 4
Benefits of E-filing of Income Tax Returns

Benefits	Frequency	Percentage
Quick and time saving	59	31.9
Paperless filing	33	17.8
Anytime submission	12	6.4
Easy automation & calculation	21	11.4
Accurate	30	16.3
Money saving	13	7.0
Under compulsion of IT dept	17	9.2
Total	185	100

Source: Primary Data

Note : The Chartered Accountants interviewed gave more than one response for the benefits of e-filing of income tax returns and so, the number of responses (185) received, out numbered the number of sample respondents(116).

From the above table, it can be seen that 31.4 percent of the Chartered Accountants feel that e-filing is quick and time saving. 31.4 percent of the Chartered Accountants feel it an eco-friendly one and a paperless mode of filing. 6.4 percent of the Chartered Accountants feel that anytime submission is possible with it. 11.4 percent of the Chartered Accountants feel that easy automated calculations are possible with it. 16.3 percent of the Chartered Accountants feel that accuracy is achieved easily with e-filing. 7 percent of the Chartered Accountants feel that it is a money saving mode and 9.2 percent of the respondents have stated that e-filing mode is adopted being compelled by the Income Tax Department.

The traditional method of accounting is time consuming, and difficult to maintain Balance Sheet Reports as they have to be manually prepared and more susceptible, to clerical errors than other systems. Every individual who is earning should know how to

manage their taxes. However, it can only be effective if they know how to plan the expenditures and savings. The first thing to do is to know the different forms of taxes levied by the authorities. Likewise, tax management is very important in order to avoid consequences such as legal issues. Ignorance is not an excuse from legal issues. This means that anyone who is found out not paying the right amount of taxes can be sued by the authorities. Tax management is not only for businesses, but also for individuals.

The online process did not require the tax payers to be physically present for filing their ITR's. ATF is one of the multiple channels aimed at facilitating tax filing in the neighborhood of the tax payer and operating it is as simple as doing a transaction at a bank ATM. The CBDT has made it mandatory for individuals earning an annual salary of ₹ 10 lakh and above to file their tax returns online from 2012-13 and most individuals are still grappling with the technicalities of tax jargon and the process of filing the returns online. For tax payers who have digital signature can download their tax statement and finish tax declaration within 5 – 10 minutes. Number of people paying income tax in India is 35 million, which is about 3% of our population out of which only about 0.1 percent i.e., 42,800 persons admit to having a taxable income exceeding INR 1 crore. An estimated 90 percent of India's individual taxpayers fall in the category of people earning taxable income of up to INR 5 lakh a year; however, this category accounts for only 10 percent of the total income-tax collected by the revenue department and is quite low. The Tax Administration Reform Commission (TARC) recommends measures to increase the number of income tax payers from the present 35 million to at least 60 million. Hence there is also a need to examine the perception of tax professionals regarding income tax system in India.

TABLE 5
Descriptive Statistics of Variables- impact of information technology

Opinion on impact of Information Technology	Manual filing		E-Filing	
	Mean Score	Standard deviation	Mean score	Standard deviation
Processing on valid time	3.42	.743	3.88	1.059
Jurisdiction free	3.20	1.246	3.93	.899
Faster processing of refunds	2.72	1.121	4.23	.698
Revise the return without visiting ITO	3.38	1.195	4.27	.686
Rectification of error at the time of filing takes more time	3.03	1.025	3.95	1.156
Filing with self calculations can be prone to error	3.15	1.219	3.83	.806
Failure to deduct tax at source	3.38	.958	3.42	1.062
Delay issue of TDS certificate	3.12	1.290	3.32	1.172
Lack of incentives to tax officials	3.32	.854	3.77	.998
Ineffective taxpayer Redressal mechanism	2.78	1.151	3.75	.932
Chance of making payment again for the same transaction.	3.17	.763	3.65	.880
User-friendly and faster	2.90	1.203	3.63	.991
Use of Digital Signature	3.17	1.122	3.40	1.108
A wide Gap between Tax officials and Tax payers	2.73	1.177	3.87	.700
Fear on confidentiality of personal data	3.13	1.127	3.78	1.106
Awareness level of clients on tax slabs	2.95	1.111	3.60	1.012
Reminders send via email or SMS	2.52	.983	3.70	.889
Economy in filing	2.83	.994	3.68	.892
Accuracy of data	2.97	1.377	3.97	.901
Minimum time spent on filing returns	2.70	1.331	3.32	1.000

Eco-friendly mode of filing tax returns	2.83	1.237	3.47	1.200
Unauthorized parties could monitor the Filing activities	2.90	1.258	3.82	.930
Necessity of digital certificate or PIN	2.63	1.340	4.02	.770
Huge rush on the last week of due date of filing returns	3.25	1.129	3.72	1.075
Technical snags in the servers at I-T department	3.70	0.926	3.53	1.359

Source: Computed Data

Above table shows the mean score for the 25 variables formulated for understanding the perception of the respondents towards manual filing and the electronic filing of income tax returns. The mean score clearly indicates that the chartered accountants' are having medium level positive perception on manual filing as the mean scores are ranging from 2.70 to 3.70 whereas the perception of Chartered Accountants towards e-filing of income tax return, the mean scores are ranging from 3.32 to 4.02 and it indicates a high level positive perception. The highly positive perceived variable is 'Technical snags in the servers at I-T department' under manual filing of return with a mean score of 3.70 followed by 'Huge rush on the last week of due date of filing returns' with a mean score of 3.25. The highly positive perceived variable under e-filing of income tax returns is 'Revise the return without visiting ITO' with a mean score 4.27 followed by **'Faster processing of refunds' with a mean score of 4.23**. The least agreed variable in e-filing is 'delay in issued of TDS certificate' with the mean score of 3.32 and least agreed variable in manual filing is 'reminder sent via email or SMS' with the mean score of 2.52.

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