

E-FILING INCOME TAX RETURNS IN INDIA

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ABSTARCT:

In modern world, Technological advancements are taking place in every field .As it evolves, it reduces the human labour and simplified many functions and operations in day to day life. Because of this an individual sit in his/her home can fill income tax return through online portals. Many countries are adopted this mechanism in filling the income tax return through online portals. Government of India also taken an initiative in providing the online portals for tax payers to pay their income tax returns. Income tax department is undertaking the E-filing (Electronic Filing) of income tax returns.

It is a new initiative in filing Income tax return through online and make payment tax. It saves our time, energy and cost. Income tax department had taken some necessary facilities and provided certain environment in which the user would feel secure about filing his income tax returns online . In this regard , this paper will try to explain the changing scenario of income tax returns due to the implementation of E-Filing.

INTRODUCTION:

E-Filing was first introduced in US-IRS has a initial project during 1986 to improve the efficiency and better conditions for the tax returns system. US-IRS was taken at most care before launching of this online system. They co-ordinated with both software providers and tax professionals. US-IRS was initially offered this service in three cities and controlled the types of taxpayers and returners that can be marched electronically. During 2004, India was introduced E-filing Income tax and allowed voluntary usage basis for altogether categories of income tax assesses. But later, it was made mandatory to the entire firm's to E-Filing their income tax returns in 2006.

Income excise branch has introduced a better way to folder income tax returns using online portals and this mechanism of electronically filing income tax returns is known as E-filing. Under the provision of income tax act 1961, every person whose income increased beyond the maximum limit which is non-chargeable had a legal obligation to pay the returns of income tax to income tax department. It is possible with or without digital signature and it is mandatory for companies from assessment year 2010-11.

DEFINITION:

E-filing is the programme of tax material straight to the tax administration using the online portals. E-filing is defined has, the process of using a computer program is to transmit information electronically to another party. The electronic filing system prevents the user from making small mistakes by alerting them if something does not register correctly.

OBJECTIVES:

- To understand the process of E-Filing Income tax returns.
- To analyse and reduced taxpayers burden by providing and improved, efficient and high quality internet based solution.

NEED OF THE STUDY:

Indian economy is at a developing stage and there is still more to come in every stage of its growth and E-filing system is up-to-the minute beginning in India. The present study focuses on measuring the progress of E-taxation in India in the recent times and future prospects.

Advantages of E-Filing

- Convenience — returns can be filed at any time (day or night).

- Taxpayers get instant acknowledgement of receipt Eliminates errors notices from tax administrations caused by the data entry errors Reduction in documents handling and storage space.

Disadvantages of E-Filing

- Lack of consciousness with regard use of internet.
- Lack of adequate financing to set up the appropriate infrastructure in the tax officers.
- Lack of reliable and accessible internet services.

REVIEW& LITRACTURE:

Meenal and Garg (2012), this paper discussed about the importance and awareness of E-Filing tax in modern day context. They also mentioned about the benefits of the E-filing. Different scholars have different opinion on the concept of E-Filing. A few scholars also worried about the challenges of E-Filing because of the security risk. This paper also argued the factors affecting implementation of E-Filing system using the technology acceptance model (TAM) as a theoretical framework. They also conducted a study and highlighted the key issues in E-Filing from the prospective of tax payers. They also highlighted the concepts of e-governance, e-return, security, and time factor in filing the tax returns.

Geeta R. and Sekar M. (2012), this paper analysed the level of awareness and satisfaction of individual taxpayers on E-Filing of income tax return. They selected Coimbatore as a sample space for the research purpose. This study revealed that the users are satisfied with the facilities provided by the income tax department in filing the tax through E-Filing portal. This study also highlighted the need for improvement of awareness programme of E-Filing and E-payment among the individuals.

Samir Mazidbhai (2015), he analysed that the impacts of E-Filing on the functions of the income tax department and the individuals. Based on his observations, he concluded that E-Filing had made the process of filing income tax easier for tax payers. The advancement in the information technology had given a new scope for the functions various institutions. He found out that E-Filing is more efficient way of dealing with the issues of income tax return.

Due to the facet of time, researches couldn't review more articles and books, but with the available literature, they found that a very few works have been done on the area of this topic earlier, hence, its a small effort is put in to fill up the literature gap.

METHODOLOGY:

The study is accomplished with the help of structured questionnaire circulated among the Income Tax Returns (ITR) through books, reports, journals, newspapers cases and appeals have been studied for the purpose of getting in-depth knowledge and insight about philosophy underlying in the Income Tax Act.

For the purpose of research study data was collected from different sources. Primary and Secondary data have been utilised in this research. Primary Sources: Primary data have been collected from individual tax payers, experts and government officers. Present study is mainly based on primary data. For the purpose of primary data a pilot study was undertaken. Questionnaire was prepared for the required information.

For the purpose of analysis and interpreted of data questionnaires were distributed in to two groups i.e. salaried and businessmen (including professionals). Questionnaire includes quantitative data and hence comparison is made in two sets of observations. Interview technique is used for the purpose of inter actions with the tax payers.

The comparative analysis of two sets of data is made by percentage with original frequencies. Analysis of data is presented by bar diagrams, Multiple Bar diagrams are used to show the collected information. Secondary Sources: Finance Act/bill/budgets-Finance acts passed in every year from 1997to 2003 were studied. Journal, reference books, newspapers, various websites were used for the research.

A comparative study was made of Income tax procedure and filing of returns of India, USA and U.K. Income Tax rates from A.Y1997 -98 onwards were also studied and comparative table of average Income Tax have been made for the purpose interpretation. Nearly 2.9 million Virginia tax payers were filed their income tax return through electronic mode last year and the increasing number will indicate that electronic filing is safest and secure. The electronic returns is cannot be read as it is being transmitted from the computer. The safety mode to maintain for the electronic transactions was to have a safety of anti-virus and spy ware software in the computer.

Returns eligible for electronic filing (the following returns are eligible to be filed electronically, but you must still confirm that the option you choose supports the return(s) you want to file Resident returns (Form 760) , Amended resident returns (Form 760) ,Part-year resident returns (Form 760PY) ,Non-resident returns (Form 763) and Fiduciary returns(Form 770).

Returns that cannot be filed electronically: Returns containing withholding reported on Form 4852, substitute W-2 or 1099-R and 763S. These were the terms and conditions for the residents of Virginia. The government of Virginia also encourage the participation of E-Filing by explaining the benefits of E-Filing.

The following ones are the Benefits of e-filing:

- Get our refund faster - e-filed refunds are issued in about 4 weeks whereas refunds from paper field returns can take up to 11 weeks.
- Proof of receipt- conformation that your return was received and accepted (or rejected).

- Convenient-available online 24/7 files your federal and Virginia state tax return at the same time.
- Easy- more user friendly with step-by-step instructions.
- Electronic banking-convenience of direct deposit for refunds and direct debit for payment of tax owed Safe and secure- safer than mailing your tax return.

(Tables)

1. Income Tax Slab for individual who are below 60 years :

Income Tax Slab	Tax rate
Up to Rs. 2.5 lakh	Nil
From Rs. 2, 50,001 to Rs. 5,00,000	5% of the total income that is more than Rs. 2.5 lakh
From Rs. 5, 00,001 to Rs. 10,00,000	20% of the total income that is more than Rs. 5 lakh
Income of above Rs. 10 lakh	30% of the total income that is more than Rs. 10 lakh

2. Income Tax Slab for individual who are below 60-80 years:

Income Tax slabs	Tax Rate
Up to Rs. 3 lakh	Nil
From Rs. 3,00,000 to Rs. 5,00,000	5% of the total income that is more than Rs.3 lakh
From Rs. 5,00,001 to Rs. 10,00,000	20% of the total income that is more than Rs. 5 lakh
Income of above Rs. 10 lakh	30% of the total income that is more than Rs. 10 lakh

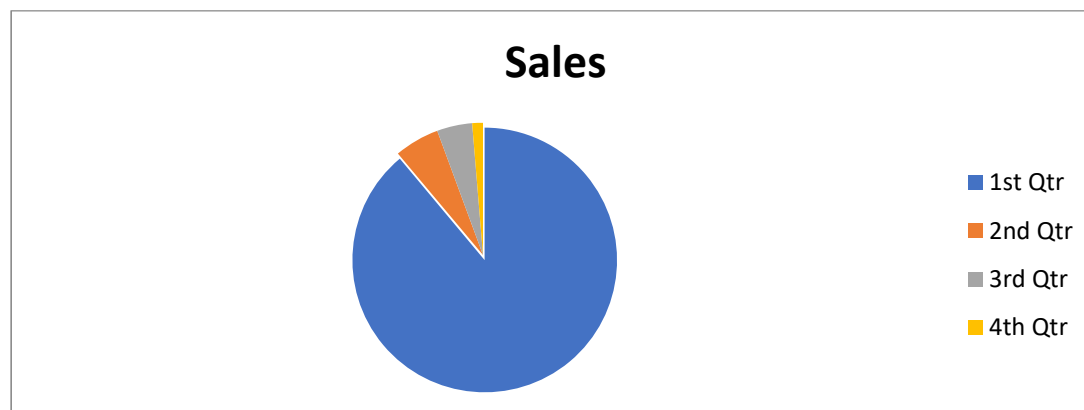
3. Income Tax Slabs for individual above 80 years:

Income Tax slabs	Tax Rate
Up to Rs. 5 lakh	Nil
From Rs. 5,00,001 to Rs. 10,00,000	20% of the total income that is more than Rs. 5 lakh + Rs. 4% cess.
Above Rs. 10 lakh	30% of the total income that is more than Rs.10 lakh + Rs. 1,00,000 + 4% cess.

Tax Collection by Tax Slabs:

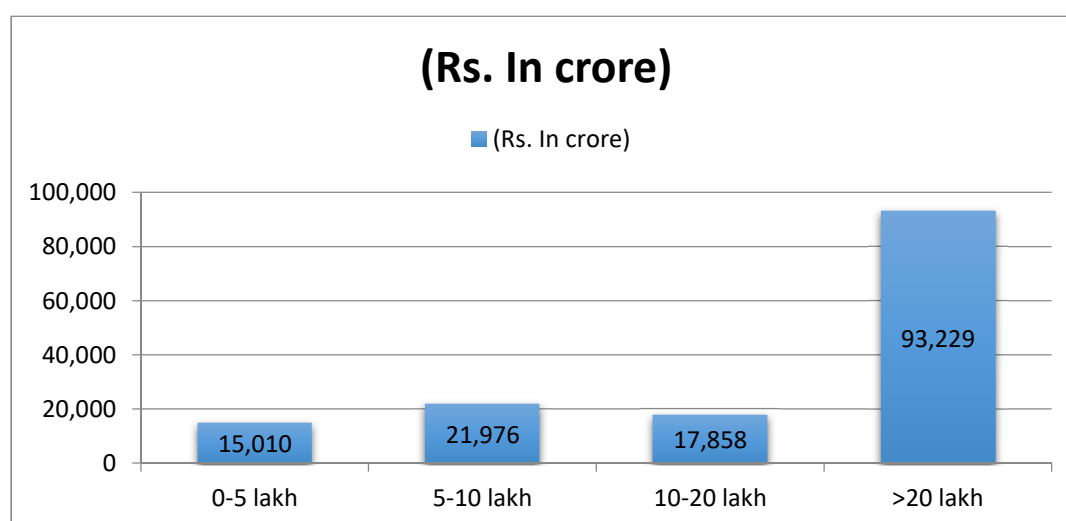
	Number (in lakh)	Percentage of tax payers
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0-5 lakh	288.44	89.00%
5-10 Lakh	17.88	5.50%
10-20 lakh	13.78	4.30%
> 20 lakh	4.06	1.30%



Tax Collection based on Tax Slabs:

Slabs	(Rs. In crore)	Percentage of tax collected
0-5 lakh	15,010	10.10%
5-10 lakh	21,976	14.80%
10-20 lakh	17,858	12.10%
>20 lakh	93,229	63.00%



Results and Discussion:

Even though, in India, only 1.3% of all tax payers earn more than 20lakh but they account for large portion of 63 Per cent of all taxes collected by Indian Government. Nearly 4.6 lakh Indians pay a total of 93,229 crore rupees of tax that comes to an average of 23lakh per an individual. Although, I was aware of this situation to a certain extent, after looking at the numbers in the report, it shows the reality of inequality in India.

CONCLUSION:

The primary aim of this paper is to discuss the changes that occurred due to the implementation of E-Filing system in income tax returns. The result shows that India is in transitional phase of information technology which results in improvement of electronic portals for different purposes. From the experience of other nations, there are lot of advantages and disadvantages of using electronic portals, particularly E-Filing. Based on the survey report, the income tax payers are not satisfied with the functions of website and also highlighted the need for the consumer friendly operating system which gives proper instructions regarding the E-Filing. Government also need to resolve the certain issues pertaining to the E-Filing system. There is still a lot to things to do for the improvement of the Electronic portals.

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