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E-Filing Awareness of Income Tax returns

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Abstract

E- Filing is a system for submitting tax documents to the Income tax department through the internet or direct connection, usually without the need to submit any paper documents. Various tax return preparation software with e-filing capabilities is available as standalone programs or through websites or tax professionals or from major software vendors for commercial use. "e - File is the term for electronic filing, or sending your ITR from tax software via the Internet to the tax authority". E-filing of Income Tax Return Online refers to the process of filing Income Tax Return electronically. You no longer have to stand in long queues to file income tax returns. Customized return forms have been devised by the Income Tax Authority which is available on the site of the Department. These forms have been devised with such details that tax payers need not file any supporting document along with. Return is submitted electronically at the site.

Keywords: Income Tax, E-filing ITR, CBDT, XML

Introduction

In the modern times, income tax is an annual tax on income. The Indian Income Tax Act (Section 4) provides that in respect of the total income of the previous year of every person, income tax shall be charged for the corresponding assessment year at the rates laid down by the finance Act for that assessment year. Section 14 of the Income Tax Act further provides that for the purpose of charge of income tax and computation of total income all income shall be classified under the following heads of income: salaries, income from house property, profits and gains of business or profession, capital gains, income from other sources. The total income from all the above heads of income is calculated in accordance with the provisions of the Act as they stand on the first day of April of any assessment year. The Income Tax Department is responsible for all activities related to the taxation process. The Income Tax Department is governed by the Central Board for Direct Taxes (CBDT) and is part of the Department of Revenue under the Ministry of Finance, Government of India.

Definition of e-filing

The E-Filing- facility was introduced by the Income Tax Department for the first time during assessment year 2006-07. At present, it is mandatory for companies and firms requiring statutory audit under Section 44AB to e-file their Income Tax Returns. Also, the e-filing benefit has been extended to all assesses. e - Filing is a system for submitting tax documents to the Income tax department through the internet or direct connection, usually without the need to submit any paper documents. Various tax return preparation software with e-filing capabilities is available as standalone programs or through websites or tax professionals or from major software vendors for commercial use. "e - File is the term for electronic filing, or sending your ITR from tax software via the Internet to the tax authority". E-filing of Income Tax Return Online refers to the process of filing Income Tax Return electronically. You no longer have to stand in long queues to file income tax returns. Customized return forms have been devised by the Income Tax Authority which is available on the site of the Department. These forms have been devised with such details that tax payers need not file any supporting document along with. Return is submitted electronically at the site.

Objectives

- To know e-filing Income Tax returns
- To assess the tax payer's perception, awareness towards e-filing of income tax returns.

Research Methodology

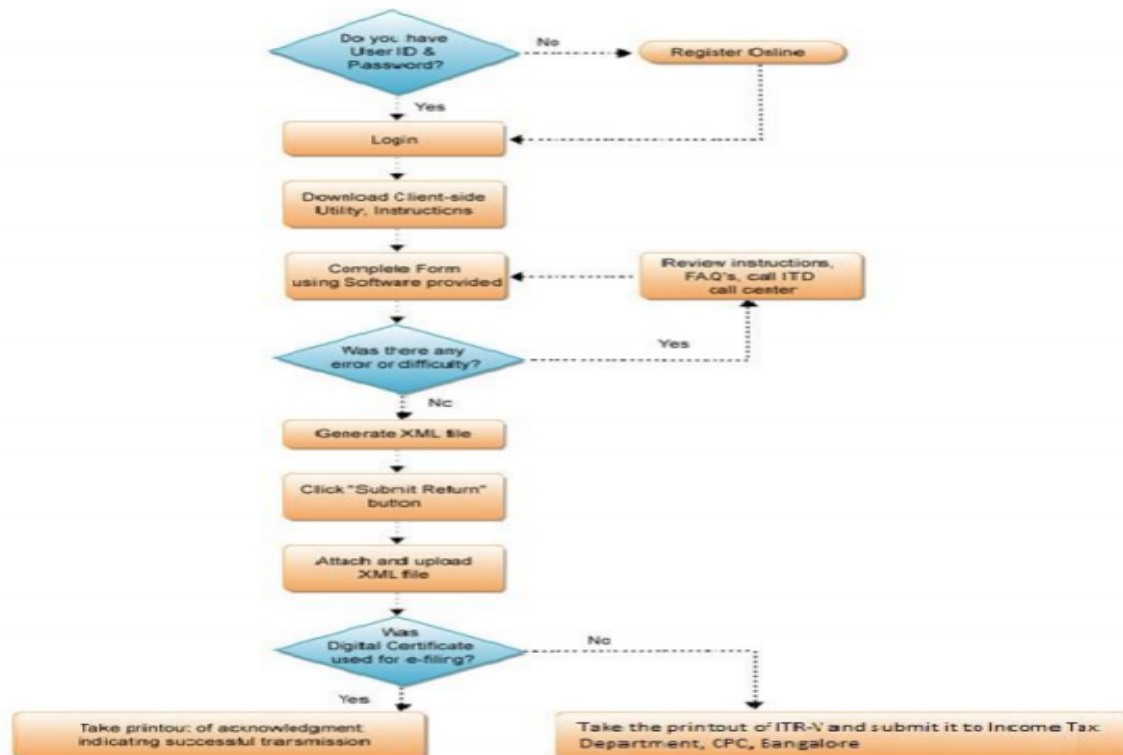
The researchers have adopted descriptive methodology for this study Research has been placed on Primary data & secondary data. Primary data has been collected from questioner. Secondary data sources such as books, journals, newspapers and online database.

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Benefits of E-filing ITR

- **Fast Processing:** The acknowledgment of ITR submission is fast and the refunds are processed faster by the ITD for E-Filed ITRs.
- **More Accurate:** E-Filing software with built-in validations and electronic connectivity to ITD are seamless and help minimize errors. Paper based filing with self calculations can be prone to error. Also, when any paper based form is transferred to electronic system, there is always a possibility of human error in data entry.
- **No Time place constraint:** You can file anytime, anywhere. E-Filing is available 24 hours a day, seven days a week, so taxpayers may always file at their own convenience.
- **More Secure than Paper based filing:** E-filing is safer than paper based filing. With paper based filing your confidential identity information is lying in files and can be passed from person to person in the CA's office or in ITD'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 manner and allow you to access it whenever you are ready to file subsequent returns.
- **It is good for the environment:** E-Filing is environment friendly. You just need to print no or at most one page instead of multiple copies of multiple pages that is required in case of paper based filing.

e-Filing Process



Steps to file your income tax return online

- **Step 1:** Log on to the income tax department's portal (www.incometaxindiaefiling.gov.in) meant for filing taxes online. Register yourself using your Permanent Account Number (PAN), which will act as your user ID.
- **Step 2:** Under the 'Download' menu, go to e-filing AY < Individual/HUF and select the appropriate Income Tax Return (ITR) form. Download ITR-1's (Sahaj) return preparation software if you are a salaried individual, pensioner, own one house property and/or earn interest income.
- **Step 3:** Open the downloaded Return Preparation Software (excel utility), follow the instructions and enter all the details using your Form 16.
- **Step 4:** Compute tax payable by clicking the 'Calculate Tax' tab. Pay tax and enter the challan details in the tax return (not applicable if your tax liability is nil).
- **Step 5:** Confirm the details entered by clicking the 'Validate' tab. Proceed to generate an XML file, which will be automatically saved on your computer. The registration process (Step 1) can also be initiated at this stage.
- **Step 6:** Go to 'Submit Return' on the portal's left panel and upload the XML file after selecting 'AY and the relevant form.
- **Step 7:** You will be asked whether you wish to digitally sign the file. If you have obtained a DS (digital signature) select 'Yes'. Else, choose 'No'.
- **Step 8:** Once the message regarding successful e-filing is flashed on your screen, the process is complete. The acknowledgement form - ITR-Verification (ITR-V)-will be generated and you can download the same. It will also be mailed to your registered email ID.
- **Step 9:** Take a print-out of the form ITR-V, sign it in blue ink, and send it by ordinary or speed post to the Income Tax Department-CPC, Post Bag No-1, Electronic City Post Office, Bangalore - 560 100, Karnataka, within 120 days of uploading your e-return. Couriered documents will not be accepted.
- **Step 10:** The I-T department will send you the acknowledgement by email, which is the final step in the process. If you do not receive it from the Income Tax Department in due course, you can send the form ITR-V again.

Analysis

Table 1: Sex-wise classification of the individual tax payers

Sex	No. of respondents	Percentages
Male	68	68
Female	32	32
Total	100	100

Source: Primary data.

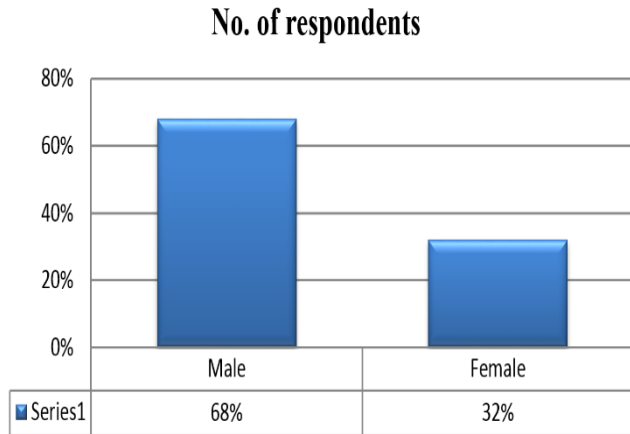


Fig 1:

Interpretation: - Sex-wise classification of the individual tax payers Figure-1 reveals that 68% of the respondents are male, and 32% of the respondents are female. It is inferred from the above that majority of the individual tax payers are male (68%).

Table 2: Age-wise classification of the individual tax payers

Group category of Respondents	No. of respondents	Percentages
Below 30	12	12
30-40	45	45
40- 50	25	25
Above 50	18	18
Total	100	100

Source: Primary data.

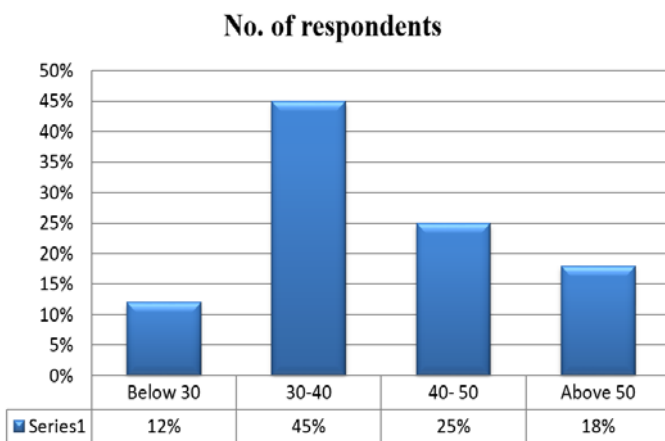


Fig 2:

Interpretation: - Age-wise classification of the individual tax payer's figure-2 reveals that 12% of the respondents are Below 30, 45% of the respondents are 30-40, 25% of the respondents are 40-50 and 18% of the respondents are Above 50. It is inferred from the above that majority of the individual tax payers are 30-40 (45%).

Table 3: Educational qualification wise the individual Tax payers are given below

Educational qualification	No. of respondents	Percentage
Below S.S.L.C/HSC	7	7
Diploma	5	5
Professional Degree	38	38
Bachelor Degree	20	20
Postgraduates	30	30
Total	100	100

Source: Primary data.

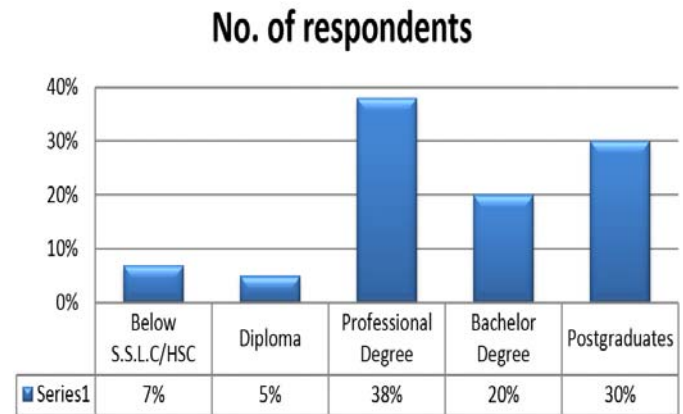


Fig 3:

Interpretation: - Educational qualification-wise classification of the individual tax payers: Figure - 3 reveals that out of 100 respondents, 7 percent of the individual tax payers are studied up to S.S.L.D / HSC, 5 percent of the individual tax payers are diploma holders, 38 percent of the individual tax payers are Professional Degree, 20 percent of the individual tax payers are Bachelor Degree, and 30 percent of the individual tax payers are postgraduates.

Table 4: Level of Income- wise classification of the individual tax payers

Level of Income	No. of respondents	Percentage
2 Lakhs to 3 Lakhs	22	22
3 Lakhs to 5 Lakhs	40	40
5 Lakhs to 10 Lakhs	28	28
Above 10 Lakhs	10	10
Total	100	100

Source: Primary data

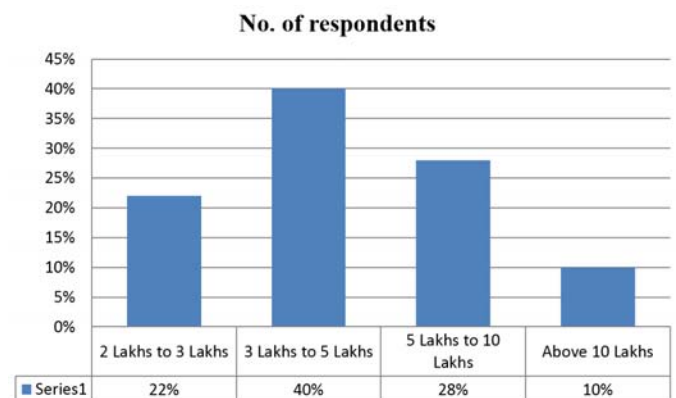


Fig 4:

Interpretation: - Level of Income- wise classification of the individual tax payers: figure-4 reveals that out of 100 respondents, 25 percent of the individual tax payers are 2 Lakhs to 3 Lakhs, 40 percent of the individual tax payers are 3

Lakhs to 5 Lakhs, 25 percent of the individual tax payers are 5 Lakhs to 10 Lakhs and 10 percent of the individual tax payers are Above 10 Lakhs.

Table 5: The classification of the respondents based on their sources of awareness Regarding e-filing of income tax

Sources of Awareness	No. of respondents	Percentage
Newspapers	20	20
Friends	8	8
Tax consultants	45	45
Advertisement	5	5
Website	20	20
Media	2	2
Total	100	100

Source: Primary data

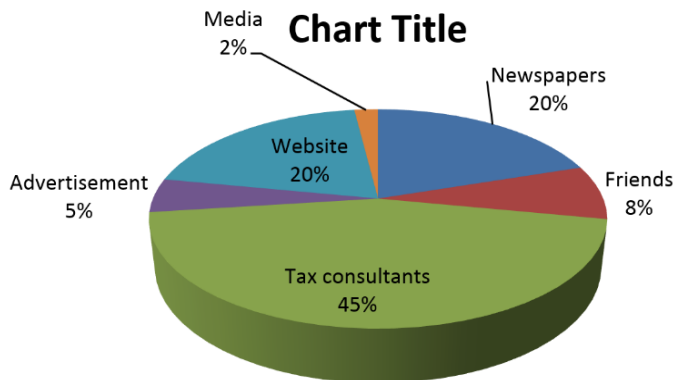


Fig 5:

Interpretation:- The classification of the respondents based on their sources of awareness Regarding e-filing of income tax : Figure -5 reveals that out of 100 respondents, 20 percent of the awareness Regarding e-filing of income tax payers is Newspapers, 8 percent of the awareness Regarding e-filing of income tax payers are Friends, 45 percent of the awareness Regarding e-filing of income tax payers are Tax consultants, 5 percent of the awareness Regarding e-filing of income tax payers is Advertisement, 20 percent of the awareness Regarding e-filing of income tax payers is Website and 2 percent of the awareness Regarding e-filing of income tax payers is Media.

Limitations of the Study

- The survey was conducted only in Gwalior city. Hence the results arrived at from this study may not be applicable to other areas.
- This study mainly focuses on assessing awareness of tax payers about e-filing of income tax returns.

Conclusion

E-Return filing is getting popularity in the country especially amongst the service class people. The process of submitting tax returns over the Internet, using tax preparation software that has been pre-approved by the relevant tax authority, Return can be prepared and filed by the tax payer through electronic mode. Benefit of e-filing of IRT as Enables citizens to file anytime & from anywhere, saves time of the tax payer, interface between ITD and the assesses reduced, save issue up of record keeping & requirement of physical space, easy availability of returns ensured, accuracy of data ensured, Enable faster processing of returns.

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