

E-Filing: Creating New Revolution in Taxation of India

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ABSTRACT

With the advancement of technology and use of internet in financial and fiscal affairs globally has necessitated the e-filing of Income Tax in India also. Considering its benefits and urgency, the e-filing has become mandatory for major chunk of tax payers in India. Present paper focuses on the reasons for making the e-filing mandatory for a selected class of assess. The paper further takes into consideration the benefits accruing from e-filing along with some bottlenecks that encounter in the process of such transformation. The data source has been secondary with regard to number of intermediaries performing this function in various cities throughout India. The data has been processed and analyzed to find out the growth of e-filing in India. The researcher discusses the role of government and intermediaries such as TRPs in this direction and offers some suggestions to overcome the problems for smooth working of e-filing in India. The paper concludes that the major challenge ahead is regarding system security, mass awareness is needed in order to make e-filing more successful, TRPs have to play a very catalytic role and the Government would have more revenue with global integration through technological advancement of e-filing. Present study is beneficial for tax authorities, policy makers, present and prospective tax payers, e-filing intermediaries, financial software engineers and academicians as the paper attempts to focus on the crucial aspects of e-filing in India.

Key words: E-filing, ITR, E-governance, Assessee, TRPs

Introduction

E-filing is the process of filling your tax documents through internet with the help of software's or by registering yourself to the income tax website. In India, e-filing of income tax was introduced in September, 2004, initially on a voluntary usage basis for all categories of income tax assesses. But from July, 2006, it was made mandatory for all corporate firms to e-file their income tax returns. Taking this process further, from assessment year 2007 to 2008, e-filing of income tax return was made mandatory for all companies and from 2013 Individuals having more than INR 10 lakh income are mandate for filling income tax online.

Electronic filing options include:

(1) Online, self-prepared return, using a personal computer and tax preparation software, or

(2) Online submission of returns using a tax professional's computer and tax preparation software.

For whom e-filing of Income Tax is mandatory from AY 2013-14?

CBDT has vide notification No. 34/2013 dated 01.05.2013 has made it mandatory for the following category of the Assesses to file their Income Tax Return Online from A.Y. 2013-14 :-

(a) It is mandatory for every person (not being a co. or a person filing return in ITR 7) to e-file the return of income if its total income exceeds INR. 5,00,000.

(b) An individual or a Hindu undivided family, being a resident, having assets(including financial interest in any

entity) located outside India or signing authority in any account located outside India and required to furnish the return in Form ITR-2 or ITR-3 or ITR-4, as the case may be.

(c) Every person claiming tax relief under Section 90, 90A or 91 shall file return in electronic mode.

(d) Those who are required to get their Account under Section 44AB

(e) A firm required to furnish the return in Form ITR-5 or an individual or Hindu Undivided Family (HUF) required to furnish the return in Form ITR-4 and to whom provisions of section 44AB are applicable.

(f) A company required to furnish the return in Form ITR-6.

Advantages of E-filing

- Convenience – Returns can be filed at anytime (day or night);
- Fast refunds – It allows taxpayers receiving refunds to get them sooner,
- Taxpayers get instant acknowledgement of receipt.
- Value added services like viewing Form 26AS, tracking of refunds, email, SMS

- alerts regarding status of processing and refunds.
- Certainty of delivery and quick confirmation – provides immediate confirmation
- from tax administration that returns have been received,
- Taxpayers can correct their mistakes or make and save changes in their ITR
- many times before the final submission of ITR form.
- Eliminates error notices from tax administrations caused by data entry errors,
- Increment in freelance job opportunities as Tax Consultant and TRPs etc.
- Reduction in Documents handling and storage space.
- Reduced operating costs for tax administration by reducing the cost of handling
 - paper returns and eliminating unnecessary staff.
- Accessibility is allowed 24x7x365,
 - Online help facilities and user guides.

Growth of E-filing:

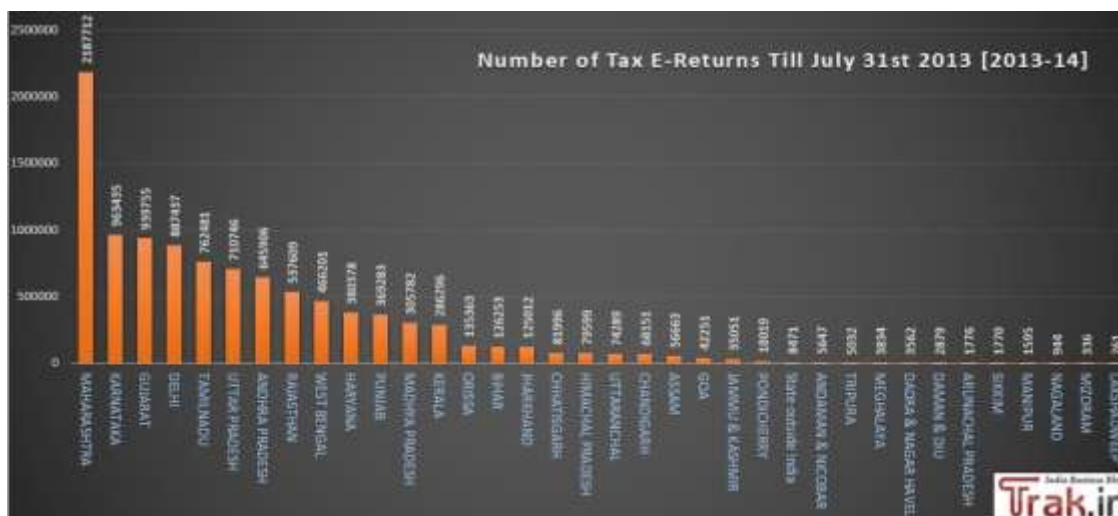


Figure:1 State-wise report of E>Returns Till July 31st 2013 [2013-14]

The above figure clearly shows that Maharashtra is the leading state among all in Filing of returns with some of the states have very less number of e-returns such as Mizoram, Manipur, Nagaland etc. but this may be because of literacy level and internet awareness among citizens of the states. But this growth is appreciable because before E-filing comes into existence this figure is very less and without return facility it is not possible to acquire this number of returns in this short time span.

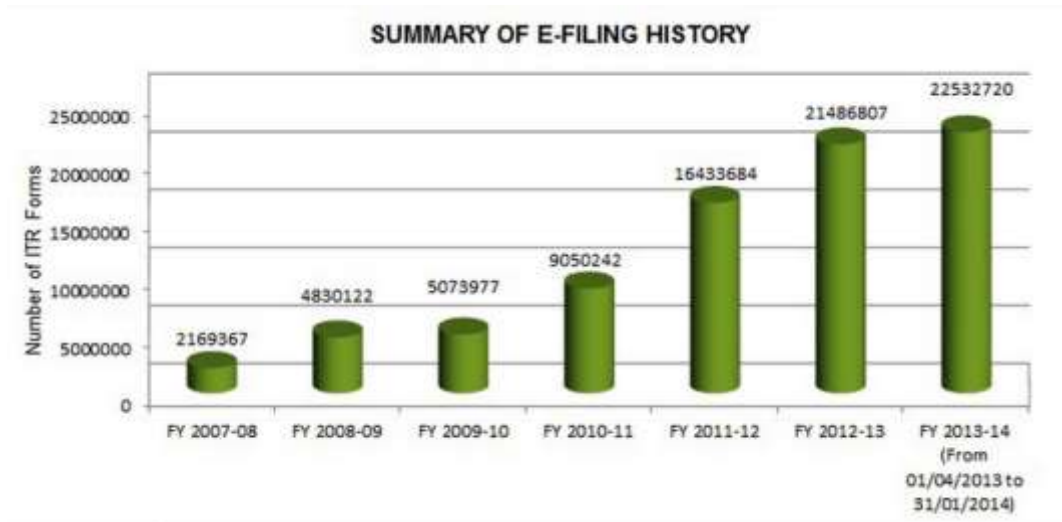


Figure2: Year-wise summary of E-Filing in India

Growth is continuous but not rapid as expected

The above scenario clearly reflects the steady and continuous growth of e-filing in India. There is lump sum 9.60% increase in e-filing from FY 2007-08 to 2013-14 which is appreciable in itself and this growth possible only because of adoption of information technology by Income Tax department. This increase may be due to the benefits enjoyed by the people over manual Filing of ITRs. Filing of return electronically is easy and user friendly as user has to follow step by step instructions. Also, with the latest technology for internet security in use; it is very safe to e - file. There is advantage of acknowledgement from Centralized Processing Centre (CPC), Bangalore about the receipt of ITR. According to CBDT report they get Overwhelming Response for e-filing i.e. ; more than 82 Lakh Returns E-Filed till 29th July, 2013 which is More than 40% of the Returns e-filed during the Same Period Last Year from Every Corner of the Country.

Types of E-Filing

There are two methods for ITR E - Filing.

- In the first method assessee has to download the suitable ITR in his computer. He will fill it and upload it back to the <https://incometaxindiaefiling.gov.in> portal.

- In the second method assessee fill all the details into an

online form. It does not involve any download or upload. The second method is easy. However, we can't fill all the ITR forms through the online method cludes dividend, long term capital gains on equity, EPF, PPF and gratuity. Earlier, ITR-2 was used for the exempt income of more than Rs 5000.

10. However, agriculture income of more than Rs 5000 is still part of ITR-2.

11. The taxpayer of ITR-2 or ITR-2A should give the **passport number**, if available.

12. In the all ITR you need to give the **details of all active bank accounts**. Besides one account for income tax refund you have to mention the IFSC code and account number of other bank accounts. You need not to give details of dormant bank account.

13. The most useful change of e-filing in AY 2015-16 is the **everification of income tax return**. It makes the complete procedure of e-filing online. You are not required to send ITR-V by post.

The ITR Controversy of 2015

The above rules of ITR are modified after the big controversy. On 18th April government has notified the new ITR forms. Those new forms were opposed by various sections of businesses. The forms required detailed information from the taxpayer. It was detailed that ITR 2 was of 14 page long. These were two point of contention from the new ITR forms.

1. In the ITR 2 and ITR 2A, you needed to give full details of foreign travel. the assessee would have to report passport number, the issuance place of the passport, countries visited, number of times such journeys made. In case of a

resident taxpayer, the expenses incurred from own sources in relation to such travel should be also reported.

2. They assessee would have to furnish the number of bank accounts along with the account number, address, IFSC code, any possible joint account holder and balance in the accounts. It also included the dormant bank account. After the uproar the finance minister Arun Jaitely immediately put these forms on hold. Now in the revised ITR forms you need to give only passport number and details of active bank account. You need not to mention the account balance. Also, This

year government has extended the last date of income tax return filing.

Reasons For limited growth:

- Lack of awareness towards use of internet.
- Insecurity towards e-payments security among assessee.
- Lack of adequate financing to set up the appropriate infrastructure in tax offices.
- Lack of a reliable and accessible internet service.

Conclusion

From the above detailed discussion and analysis it is clear that there are many benefits of E-filing. Most of the assesses are not technological savvy and had a fear regarding confidentiality, security. So, the most importance must be given to the security of private data of assesses, so that a confidence can be developed among the assesses and as a result more and more assesses will file E- Return. The above facts and figures clearly indicates that India is in the phase of revolutionary changes in information technology which ultimately gives more encouragement in E- Filing of Income Tax Returns. The study shows that the e-filing is the new effective method of filing income tax return through online and make Payment of tax. It saves our golden time, energy and cost and

also reduces our burden **Mandatory Filing of E- Return from A.Y. 2013-14** CBDT has vide notification No. 34/2013 dated 01.05.2013 has made it mandatory for the following category of the Assesses to file their Income Tax Return Online from A.Y. 2013-14:

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E - Filing for A.Y. 2015-16

Income tax return E-Filing in India for AY 2015-16 is open now. An assessee can e-file his income tax return through the site www.incometaxindiaefiling.gov.in. The income tax return E-Filing has made our life very easy. Now most of the taxpayer don't need the service of the chartered accountant. A salaried person can easily E-file income tax return using his form 16. Government is also trying hard to 100% shift to e-Filing. **Change In Filing of Income Tax Return For AY 2015-16** The government has made **some changes in the ITR forms.**

Conclusions and Recommendations:

The main focus of this paper is to show the changing scenario of income tax due to Implementation of e-filing. The above facts and figure clearly shows that India is in the phase of revolutionary changes in information technology which also gives great advancement in e-filing field of income tax department. It has highlighted the benefits and challenges of such a system and has shared some countries experiences with these systems. Income tax department just have 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. Various researchers have different opinion regarding the benefits of e-filing; however according to some researchers many challenges are there regarding adoption of filing by mass population. Main challenge is risk of security. This study shows that 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 also reduces our tension and continuous advancement in technology makes it more simple an effective.

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