



# Bits, Bytes, And Taxes: The It Professional's Perspective

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## ARTICLE INFO

## ABSTRACT

*This study investigates the taxation perspectives of Indian IT professionals, including their independent tax return filing experiences, their reasons for non-compliance, obstacles that they face, and reliance on consultants. This study aims to provide comprehensive information to educators and legislators who wish to improve tax literacy and speed up the filing process in this ever-changing business world. Using a descriptive study design and a sample of 74 respondents in the Ernakulam District, we were able to determine that 30% of respondents learned about tax filing from peers, highlighting the importance of social circles, and only 5.4% of respondents came from government channels, suggesting areas in need of further outreach. Most respondents (32.4%) said that they seek help from tax consultants due to ongoing challenges, especially in the area of tax computation. Our recommendations include incorporating tax planning into curricula, setting up interactive workshops, and using social media to launch focused awareness campaigns.*

**Keywords:** Income Tax, IT Professionals, Tax Filing, Tax Compliance

## INTRODUCTION:

Taxation is an important instrument, which is employed by the government in the country's financial structure to generate money for public utilities and services. Taxation holds a central spot in the working of the government, and without its comprehension informed decisions can be hardly made. Taxation is primarily categorized into two forms which are the tax revenues that directly comes to the government (Direct Taxes) and the one that is derived from the economy (Indirect Taxes). This includes a multiplicity of taxes and exemptions along with the rapidly changing regulatory environment that also undergoes reform and is influenced by economic developments in the country.

The Information Technology (IT) sector is said to have a pivotal role in shaping India's tax system. Being a significant contributor to the economic growth, the IT industry substantially adds to tax revenue via multiple channels. The sector's substantial workforce which is comprised of IT professionals, who forms a significant portion of direct tax contributors, contributing to income tax collections, also the growth of IT companies, in both domestic and multinational levels, has resulted in significant corporate tax income, further boosting the government in facilitating the funding of public services. In the fiscal year 2023 the information technology sector contributed of 7.5% to the GDP. The IT industry which is underpinned by the IT professionals make up a significant percentage of those who pay direct taxes, thus playing the major role in income tax revenue collection.

In the rapidly evolving landscape of Information Technology, where innovation and digitalization thrive, an often-overlooked aspect is the perception of tax filing among IT professionals. The intersection of IT professionals with the Indian tax system presents a series of challenges that requires to be studied carefully. While IT workers are at the forefront of the technological revolution, their attitude towards taxation and its implications for the country remain an understudied phenomenon.

This paper seeks to resolve the gap between the theoretical frameworks of tax compliance and provide pragmatic suggestions on the issues raised for policy makers, tax authorities and IT sector employers. Through the holistic understanding of the specific difficulties involved in filling the taxation obligations of IT professionals and the dynamism of the field, this would in turn assist in the formation of strategies that are in

harmony with the ever-changing nature of the industry. Through this research, we aim to foster an environment where tax compliance becomes a more informed and integrated facet of the professional journey for IT workers.

### OBJECTIVES

- To assess the level of awareness among IT professionals regarding tax filing.
- To understand their attitude and perceptions towards tax filing.
- To identify the challenges and barriers faced by them when it comes to tax compliance

### LITERATURE REVIEW

**(Pritesh Thakkar, 2021)** emphasized that tax experts hold a pivotal role in executing a nation's income tax regulations. These professionals assist taxpayers in effectively managing their tax affairs and meeting their obligations. Possessing comprehensive knowledge of legislative loopholes, tax administration, and factors impacting taxpayers, they serve as valuable resources in comprehending the diverse aspects of the income tax system. The research focuses on exploring the perspectives of tax specialists regarding the electronic submission of income taxes, providing a comprehensive overview of the respondents and their opinions on key aspects of the electronic income tax system.

In their study **(R Sathyadevi, 2018)** emphasized the increasing digitization of the world with the advent of the internet. They highlight e-filing as a prominent and advanced internet service, facilitated by e-government, especially concerning online income tax return submission. This approach, allowing taxpayers to conveniently submit their returns from the comfort of their homes, significantly reduces the time required for data submission. The rise of e-filing, part of the information technology revolution, has injected vitality into the income tax return industry, fostering a closer relationship between the income tax agency and taxpayers. The research specifically delves into the exploration of electronic filing, examining the awareness and utilization of this system among individual taxpayers in Palakkad Taluk.

In the work done by **(Syed Kashif Raza Zaidi, 2017)**, the main objective was to explore the factors influencing the decision of an emerging market to adopt an electronic tax filing system. This research investigates the impact of various factors including computer skills (CS), perceived ease of use (PEoU), perceived usefulness (PU), information systems quality, and national cultural values on the acceptance of electronic tax filing systems in emerging economies. The study draws upon theoretical frameworks such as planned behaviour, the information systems success model (ISSM), the technology acceptance model (TAM), and Hofstede's cultural dimensions. Data collection involves surveying individuals who have utilized government or commercial vendor-operated websites for electronic data submission.

**(Gayathri P, 2016)** elucidates the taxpayer's perception of engaging in online income tax return completion. Primary data for this study were obtained through questionnaires to gauge participants' views and satisfaction levels regarding online filing. The survey revealed that 7% of respondents expressed reluctance to file electronically, attributing it to involuntary mental pressure. Additionally, 4% of respondents opted for electronic filing with the incentive of receiving a specific monetary rebate.

The study by **(Rajeswari K, 2014)** centred around examining the perceptions and satisfaction levels of salaried employees regarding computerized tax filing. An assessment of the managerial and technological limitations of the electronic filing system was also carried out in the investigation.

**(Kumar M, 2014)** delves into the benefits of electronic filing for various stakeholders, including the government, policymakers, existing and potential taxpayers, online filing intermediates, financial software developers, and institutions. This study aims to elucidate how each segment of society gains advantages from the electronic filing of income tax forms.

**(Lamberton C, 2014)** asserts that giving taxpayers the option enhances tax compliance. In essence, the study explores both tax compliance and the benefits associated with filing via electronic means. The authority of the taxpayer is able to modify the tax compensation process with the support of government assistance, thereby enabling modifications in the tax payment process.

**(RA, 2009)** detailed the practical challenges associated with the electronic filing mechanism and proposed a digital government strategy in his research. To comprehensively examine aspects such as ease of use, practicality, privacy, assisting scenarios, and preservation in relation to the digital filing approach, a survey study was administered to participants, complemented by unstructured discussions. A total of 450 taxpayers in the sampled area were intentionally and conveniently included in the study.

(SY, 2002) explores the decision-making process involved in selecting an e-tax filing method in his research. This paper delves into the factors influencing the choice of a technique of filing taxes electronically. In light of the Model of Technological Acceptance (TAM), the study introduces a new factor known as "perceived reliability," acknowledging the user's trust in the electronic tax filing process. The research findings have significant implications for enhancing the effectiveness of online government services on a broader scale and, particularly, for designing efficient online tax filing systems.

### RESEARCH METHODOLOGY

The research methodology employed a systematic approach to gather vital information, ensuring an effective structuring of the research design. This included outlining methods and procedures to identify necessary data, its sources, and suitable collection methods. The primary focus was on conducting descriptive analysis to fulfil the main objective of the study.

#### Research Design:

The chosen research design was Descriptive Research.

#### Sources of Data:

The primary data source utilized was the questionnaire, supplemented by secondary sources such as books, journals, and records.

#### Population:

The study was confined to the population of Ernakulam District.

#### Sample Size:

The sample comprised 74 respondents.

#### Method of Data Collection:

Data collection was facilitated through the use of questionnaires.

#### Statistical Tools Used for Analysis:

Statistical tools, including IBM SPSS, in conjunction with percentage tables and charts, were employed to analyse the gathered data.

### DATA ANALYSIS

$H_{01}$  : There is no significant difference between gender and the level of awareness of taxation among IT professionals

Test results of Independent Sample t-test between gender and awareness	
Statement	P value
"I'm well aware of the income tax return concepts"(ITR1,ITR2...etc)	0.738
"I'm well aware of the due dates for filing income tax returns in India"	0.537
"I'm familiar with the consequences of not filing income tax returns, such as penalties and legal actions"	0.304
"I'm well aware of the tax deductions/exemptions that may be available to individuals while filing income tax returns"	0.385

**Table 1:** Showing test results of Independent Sample t-Test

**Source:** Primary Data

The independent samples t-tests yielded a non-significant difference in awareness levels between genders for all variables examined. Since the p value is more than .05, we can accept the null hypothesis. Hence, we can say that there is homogeneity in the level of awareness of taxation across different genders.

$H_{02}$ : There is no significant difference in awareness levels across different income groups.

Test Results of One-way Anova between income and awareness		
Statement	f value	Sig.
"I'm well aware of the income tax return concepts"(ITR1,ITR2...etc)	3.947	0.012
"I'm well aware of the due dates for filing income tax returns in India"	4.228	0.008
"I'm familiar with the consequences of not filing income tax returns, such as penalties and legal actions"	2.669	0.054

"I'm well aware of the tax deductions/exemptions that may be available to individuals while filing income tax returns"	0.98	0.407
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**Table 2:** Showing test results of One way Anova (Source: Primary data)

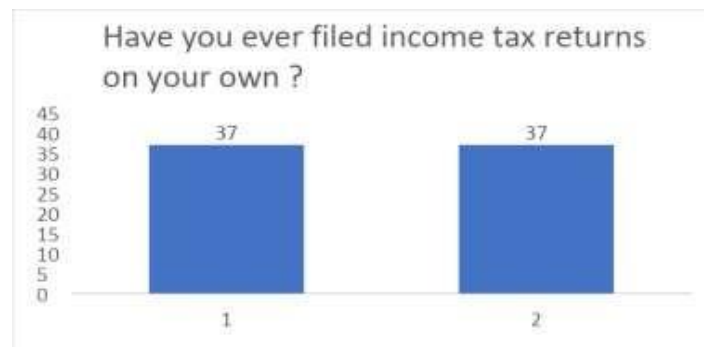
The ANOVA results reveal significant differences in perceptions of Due Date ( $F = 4.228, p = 0.008$ ) and ITR Concept ( $F = 3.947, p = 0.012$ ) among different income groups, indicating varying awareness levels. Consequence approaches significance ( $F = 2.669, p = 0.054$ ), suggesting a potential trend. However, there is no significant difference for Tax Deduction ( $F = 0.980, p = 0.407$ ). Participants with income between 5 to 10 lakhs demonstrate a higher perception of tax deductions compared to other income groups.

**H<sub>03</sub>:** There is no significant difference between gender and the attitude towards taxation among IT professionals

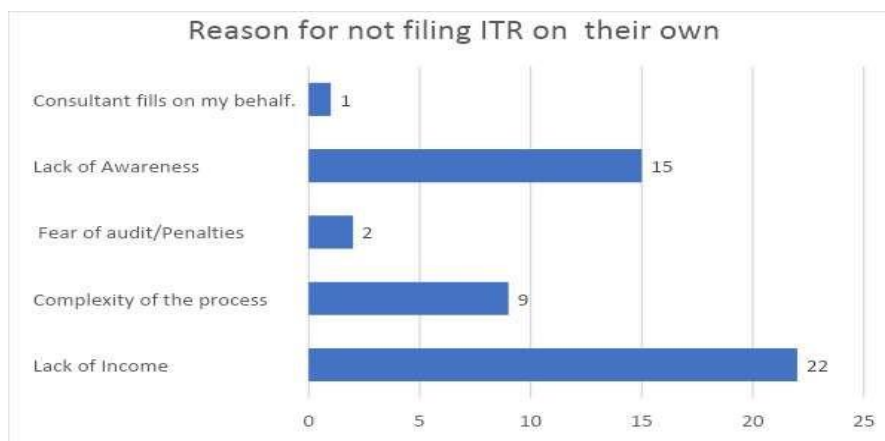
Test results of Independent Sample t-test between gender and attitude towards taxation	
Statement	P value
"I have a very positive attitude towards taxation"	0.132
Do you believe paying taxes is a civic responsibility?	0.485
To what extent do you agree with the idea of contributing a portion of your income towards taxes?	0.407
"I would be willing to pay taxes even if I don't see immediate benefits"	0.593
"I believe that the current tax system is fair to all income groups"	0.068

**Table 3** Showing results t-test between gender and attitude (source: Primary data)

The Independent Sample t-test results for statements assessing perception and attitude towards taxation indicate no statistically significant differences between genders. Whether it is the positive attitude towards taxation, belief in taxation as a civic responsibility, agreement with contributing income, willingness to pay taxes without immediate benefits, or belief in the fairness of the current tax system, all p-values (0.132, 0.485, 0.407, 0.593, 0.068, respectively) surpass conventional significance levels. This suggests a consistent perception and attitude towards taxation across male and female participants in the study. Gender does not appear to be a significant factor influencing attitudes towards taxation, except for a marginally significant difference in the belief in the fairness of the current tax system, which warrants further exploration

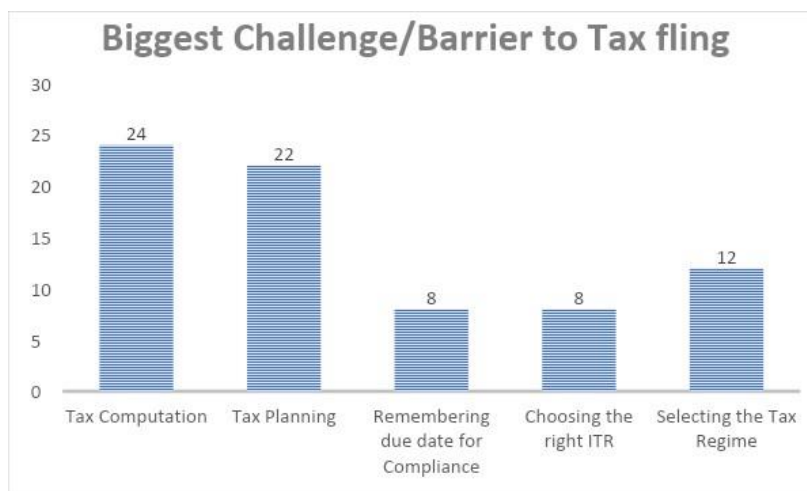


**Figure 1** showing whether the respondents have filed ITR on their own at least once



**Figure 2** showing reasons for not filing ITR on their own

Among the respondents who did not file their Income Tax Returns (ITR) on their own (50%), various reasons were cited for this decision. Lack of Income emerged as the predominant factor, with 44% of this subset indicating financial constraints. Complexity of the process and Lack of Awareness were identified by 18% and 30%, respectively, reflecting challenges in understanding and navigating the intricacies of tax filing. A smaller percentage (4%) expressed Fear of audit/Penalties as a deterrent. These insights underscore the importance of addressing financial literacy, simplifying the tax filing process, and enhancing awareness to promote broader ITR compliance.



**Figure 3:** Showing biggest challenge/barrier to tax filing

In analysing the factors perceived as challenges or barriers to tax filing among the respondents, it is evident that Tax Computation (32.43%) and Tax Planning (29.73%) emerge as the most prevalent concerns. A considerable portion of participants expresses difficulty in navigating the complexities of computing taxes and formulating effective tax plans. Additionally, the selection of the appropriate Income Tax Return (ITR) and Tax Regime also poses notable challenges, with 16.22% and 16.22% of respondents, respectively, identifying these issues. The findings highlight the multifaceted nature of challenges individuals face in the tax filing process, underscoring the need for targeted interventions and support in these key areas.

10.8% of the respondents did their filing on their own and the rest expressed the reason for seeking help from a tax consultant/CA as follows;



**Figure 4:** showing the primary reason for seeking help from tax consultants/chartered accountants

The survey reveals that 40.54% of respondents engage tax consultants mainly for expert assistance in reducing tax liability. 25.68% seek professional help for ease of filing, while 16.22% prioritize time savings. Notably, 6.76% consider the tax filing process complex. Surprisingly, 10.81% prefer independent filing. These findings shed light on the diverse motivations behind choosing professional assistance for tax matters in India.

## FINDINGS

- 56.8% of the respondents were male and the rest were female
- Interestingly, nearly 30% learned about tax filing through peers, showcasing the influence of social circles, while only a minimal 5.4% were informed via government channels, suggesting an area for enhanced outreach efforts.

- 60.8% of the respondents are most familiar with deductions under section 80C and considers it as the most beneficial and only 8.1% of the respondents were familiar with deductions under section 80D.
- Significantly, half of the respondents engaged in self-filing at least once, indicating a noteworthy level of direct involvement in the tax process.
- 32.4% of the respondents considered tax computation as the biggest challenge to tax filing
- Most of the respondents seek help from their tax consultant/chartered accountant to benefit from their expertise in order to reduce tax liability

## SUGGESTIONS

- To address gaps in awareness and enhance financial literacy, integrating tax computation and planning into school and college curriculum is recommended.
- Interactive seminars and workshops can serve as effective tools for encouraging tax planning, aligning with the learning preferences of the target demographic.
- Leveraging social media platforms for tax awareness campaigns emerges as a strategic approach, considering the substantial reliance on online sources for information.

## CONCLUSION

In conclusion the study illuminates the tax landscape for Indian IT professionals, revealing a diverse participant base and a significant reliance on peer networks for tax awareness. With 50% self-filing tax payers, there is a notable trend of direct engagement in the tax process, while challenges, especially in tax computation, persist. Recommendations include integrating tax planning into school and college curriculum, facilitating interactive sessions, and leveraging social media for targeted campaigns. These insights could provide a foundation for informed policies and interventions to enhance tax literacy among IT professionals, which is crucial in an ever-evolving technological era.

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