DIFFERENCE BETWEEN PERCEPTION OF COMMON TAX PAYERS AND TAX PROFESSIONALS ABOUT E-SERVICE QUALITY OF E-TAXATION SYSTEM

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ABSTRACT

E-service quality of e-taxation systems have been of utmost importance for the success of e-government applications and its perception by the taxpayer. This paper examines the difference between perception of common tax payers and tax professionals about e-service quality of e-taxation system of Income Tax Department of India. This is an empirical research which uses primary data for analysis. Purposive sampling Technique was used for collecting the primary data through the structured self-administered questionnaires. The present study has a sample size of 399 and is focused on the common tax payers and tax professionals in the state of Punjab and union territory Chandigarh.

Statistical technique of t-test was applied using SPSS and the results showed that perception of e-service quality of e-taxation system can be used to understand the effective usage of online tax system by tax professionals and common tax payers and the results can be used as a yardstick to further enhance the e-taxation system.

Keywords:

INTRODUCTION

E-service quality has been considered important topic of research attracting the attention by academic research community in recent years (Szymanski & Hise, 2000; Aladwani, 2002). Good governance and efficiency in delivery of services and information is expected by citizens all around the world from their governments. However, in most of the nations the government was found sluggish and non-responsive to their needs by citizens. Certain flaws in governance and service delivery were found by Indian citizens as well. Some such problems were delay in delivery of services, difficult access to administration system and information to a common citizen, indifferent attitude of the government officials, lack of accountability and transparency in their performance. As a consequence, Indian citizens were losing faith in the performance and

functioning of core institutes of government. It became utmost important for the government to regain and restore the public trust in the government departments. Therefore, e-governance initiatives were taken as a consequence of such pressures exerted by citizens. It is the transformation of the way government and citizens relate to each other and include initiatives taken by the governments all over the world such as providing online services through the Internet Web Portals.

The Income Tax Department launched its website in 2003 which offers informational, interactive and transitive services to the taxpayers. The website acts as an overall website that connects to a variety of services like e-Filing, TDS, online tax payment, PAN, view of tax credit, TAN and refund status etc. In the year 2013, a method for central processing of returns was established as one prominent step towards the beginning of electronic filing of taxation by income tax payers. A system that would be quick, easy, reduces the time and efforts required for filing of e taxation by taxpayers was required. E-filing is referred to as modern and well-organized process of filing income tax returns using internet. The chances of e taxation system being acknowledged and used by prospective users increases, if online tax system is supposed by taxpayers to be simple to use and less complicated (Agarwal and Prasad, 2000). Consequently, tax compliance will also increase leading to increase in revenue generation as taxpayers may experience the ease and simplicity in the usage of the online taxation system.

The present study will evaluate and offer feedback of the users of e-Taxation system about the online taxation system of Income tax department to enable the governing body of e-Taxation system of the Income tax department to provide effective guidance and supervision for implementation and further refinement of this vital e-Taxation system. Thus, the this study will help Government decision makers and managers to know the views of any difference in perception of tax professionals and common tax payers about e-Taxation system of income tax department and then to further improve and deliver superior online quality services for the success of e-Taxation system. Study will also help in increasing the usage of e-Taxation system by describing the various factors affecting the usage of e-Taxation system.

LITERATURE REVIEW

For any research to be successful literature forms the base. The literature available on e-service quality throws light on many issues of e-governance. Hence it would be meaningful to examine the earlier studies in the area of e-service quality of e-taxation to know the various aspects of e-service quality and its influence on the user"s perception. The study has also resulted in increased knowledge of various factors that have an influence on user perception of e-service quality.

Lai and Choong (2010), in their research "Motivators, Barriers and Concerns in Adoption of electronic tax filing system: Survey evidence from Malaysian professional accountants" assessed various factors which motivated Malaysian professional accountants to make use of e-filing and also examined the barriers toward the acceptance and numerous other considerations. The investigation was conducted on 465 tax professionals. E-filing was opted by majority of respondents due to convenience (55.7%), belief to receive faster refunds (16.9%) and rapidity of e-filing of income tax returns. Regarding the non users of e-filing system key issue was security and lack of trust in e-filing system. Majority respondents thought quicker refund of tax to be most preferred reason to inspire taxpayers towards using of e-filing system.

Regina Connolly et al. (2010) in their research entitled "Government website service quality: a study of the Irish revenue online service" examined the value of the e-service given by the Irish Revenue Commissioners" tax collection and filing department, Revenue Online Service Competence and simplicity of completing the e filing are the factors of website service quality that persuades the users" perceptions towards the system. The focus should be laid on dropping citizen concerns as regards mishandling or negligence of personal data.

Shama and Yadav (2011), in the study "An Emprical Study on tax payer"s attitude towards e-return filing in India" examined tax payers" approach towards e-filing system and various factors influencing the recognition of e-Filling structure by tax payers" in India. Study was conducted on the basis of TAM model and few other modifications and additions of factors were made to exclusively study Indian tax payer"s behavior. Cross sectional descriptive research

design was used. Close ended questionnaire was administered over 108 individuals who were not necessarily filing e-returns. Data was analyzed using factor analysis, correlation and regression analysis. The study established that perceived cost did not affect the acceptance of e-filing system by the tax payers.

Brahmbhatt (2012), in the research entitled "Taxpayers perception towards E-file Adoption: An Empirical Investigation" tried to understand the perception of taxpayers towards online filing of income tax returns system of Income Tax Department of India. The research covered two major cities of Gujarat i.e. Ahmedabad and Gandhinagar. Out of data collected from 229respondents 76 respondents used e filing system and 153 filed their returns manually. It was found that more than 83% of e-filers considered e-filing to be easy to use and suitable. Only 13% of the e-filers found e-filing to be unpleasant and tedious. First obvious reason for non-usage of e-filing amongst the non-users was lack of experience and knowledge of e-filing. Second important reason was lack of digital certificate. Non users have problem with technology not the resources. The research revealed that level of education had an impact on perceived risk, perceived ease of use and perceived usefulness. From survey it can be said that most of the taxpayers has positive perception about e-filing system and have enough facility at home or at work place for online-filing of income tax returns.

Geetha and Sekar (2012), in the research entitled "E Filing of Income Tax: Awareness and Satisfaction level of individual tax payers in Coimbatore city, India" explored the perception, awareness and level of contentment of the tax payers towards online filing of income tax returns. The researcher found that people already using e filing facilities were satisfied but mostly the individual tax payers were unaware of online filing and online taxation system. Hence, necessary measures should be undertaken to build awareness on the subject of the e-Filing of income tax in the mind of tax payers. Further the researcher stated that no significant relationship was there between level of awareness and residential status regarding e filing system features. But the relationship between residential status and awareness of one of the e-Filing component i.e. usage of e forms and e Filing procedures was found to be significant.

RESEARCH METHODOLOGY

Research methodology solves the problem under study in a systematical way. This is an empirical research which uses primary data for analysis. This section describes the research process. It includes research methods used, the sample population, the tools employed for data collection and the methods applied for analysis of data. To meet the objectives of the research it was necessary to decide on several issues relating to the methodology to be adopted.

Objective

To study the difference in perception of common tax payers and tax professionals regarding e-service quality of e-taxation system of Income Tax Department of India.

Data Collection

The study was conducted on the basis of Descriptive Research Design and was confined to the state of Punjab and U.T. Chandigarh. The study was conducted during the year 2013-14 to 2016-17; covering only e-banking services provided by various national and private sector banks. Purposive sampling Technique was used for collecting the primary data through the structured questionnaires. The sample of the present study comprises of 399 tax payers which include common tax payers and professionals like C.A, tax lawyers. Majority of the respondents were from Punjab (n=360, 90.2%) and remaining were from Chandigarh (n=39, 9.8%).

Instrument of Data Collection

On the basis of extensive literature survey, eleven dimensions of e-service quality of e-taxation system were identified to study the e-service quality. Further, these eleven dimensions of e-Taxation system were measured by 56 statements on five point Likert scale measuring from strongly agree (=5) to strongly disagree (=1). In this study, the reliability of the scale was tested by using Cronbach's alpha and composite reliability. The guidelines for Cronbach's alpha coefficients used were α > .9 excellent, > .8 good, > .7 acceptable, > .6 questionable, > .5 poor, and ≤ .5 unacceptable (George and Mallery ,2016).   The test indicates how well the terms in a set are positively correlated to one another. The scale was administered on 50 respondents at random for the pilot survey. The Cronbach's values of nine out of eleven constructs

was above .70 and for two constructs it was between .6 and .7, suggesting that the reliability of almost all of the constructs was good. As compared to Cronbach alpha, the composite reliability is considered to be a better measure of construct reliability. The minimum recommended value of CR is .7. The CR of all of eleven constructs was above .70 suggesting that the reliability of all of constructs was very good (refer table 1).

Table 1: Reliability Statistics of Constructs of E-Service Quality of E-Taxation System

Construct	Composite Reliability (CR)	Cronbach's alpha (α)	Average variance Extracted (AVE)
Speed	0.843	0.723	0.649
System Availability	0.890	0.845	0.618
Privacy	0.892	0.861	0.580
Contact	0.847	0.749	0.657
Responsiveness	0.877	0.824	0.591
Information	0.870	0.813	0.575
Personalization	0.803	0.636	0.585
Fulfilment	0.838	0.730	0.641
Ease of Use	0.891	0.837	0.672
Website Design	0.852	0.782	0.536
Functionality	0.794	0.612	0.562

Tools used for Data Analysis

1. SPSS 13.0 Update Version (Statistical Package for the Social Sciences) was used for data analysis.

2. Microsoft Office Excel 2007 is used to generate graph.

Classification of Data

The simple classification of data between tax professionals and tax payers has been given in table 2. It can be seen that approximately 41% of data has been collected from tax professionals (CA, tax lawyers) and 59% from tax payers.

Table 2: Classification of Data between Tax Professionals and Tax Payers

	Frequency	Percentage
Tax professionals	165	41.35
Tax payers	234	58.64
Total	399	100
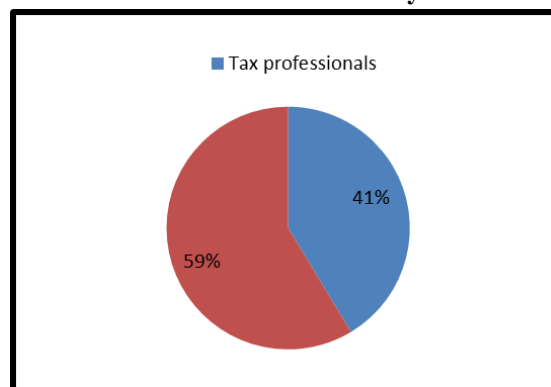
Comparison of Perception of E-Service Quality of E-Taxation System between Tax Professionals and Tax Payers

The Hypothesis Formulation

$H_{0 (a)}$: There is no significant difference between perception of common tax payers and tax professionals regarding e-service quality of e-taxation system

$H_{1 (a)}$: There is a significant difference between perception of common tax payers and tax professionals regarding e-service quality of e-taxation system

In order to find out whether the perception of e-service quality is different amongst tax professionals and tax payers, t-test of variance was applied. Before applying t-test; the assumptions of t-test i.e. equality of variance (homoscedasticity) and normality and were tested. Normality was tested using Kolmogorov-Smirnov (K-S) test. The results exhibited slight deviation from the normality but further examination of Q-Q plots suggested that in most of the constructs, there was actually no significant deviation from the normality. Also, as t-test is robust against the departure of the assumption of normality; especially if sample size is large; mild violation of this assumption can be accepted (Malhotra and Dash 2012, Morgan et.al 2004).

SPSS automatically tests the assumption of Homoscedasticity with the Levene test for equal variances. In case there was any deviation from homoscedasticity, the alternative Welch test results were used for interpretation. The condition for equality of variance assumed was fulfilled as sig value >0.05.

Comparison between Perception of Common Tax Payers and Tax Professionals (t-test results)

The service quality of e-Taxation system was expected to be perceived differently by different type of tax payers as their exposure was different. The exposure level of common tax payers to e-taxation system was very limited as compared to the tax professionals. Handling different types and queries of clients is a routine affair by the tax professionals. Hence, their exposure is much wider in comparison to the common taxpayer. Therefore, the perceived service quality of common taxpayer was expected to be significantly different from professional tax payers.

The EOU of e-Taxation system was found to be significantly easier and convenient to use by the tax professionals as compared to common taxpayers. The most evident reason is the frequency of use of e-tax system by the tax professional is much higher as compared to common taxpayer. The use of e-taxation system by a common taxpayer would be confined to filing a limited number of returns in comparison to a tax professional who provides various professional tax services and also files a large number of returns every year. This makes the e-Taxation system more handy and easy to use for them. The means were found to be highly significant as t=3.23, $p<.01$.

The speed of e-Taxation system was perceived to be significantly faster by common tax payers as compared to tax professionals. The tax professionals want it to be much faster because of their wider scope of knowledge and exposure to professional setups and more usage as compared to common taxpayers. Common tax payers (3.80, SD = .629) perceived the speed of e-Taxation system to be significantly high as compared to the perceived speed by tax professionals (3.65, SD = .769) as t-test was highly significant (t = -2.21, $p<.05$).

The system availability was perceived to be significantly high among the common tax payers as compared to tax professionals as t-test was significant but weakly significant (t = -2.04, $p<.05$). **The privacy** was presumed more positively by the tax professionals as compared to common tax payers as they were more confident of security of their information/transactions in e-Taxation, website as suggested by t-test which was significant (t = 2.47, $p<.05$). Due to increase in the cybercrime and the lack of professional knowledge, the common tax payers may presume the system to be insecure regarding their privacy.

The contact related services given on income tax website were perceived indifferently by the tax payers and tax professionals as t-test was insignificant (t = 1.88, $p>.05$).

Table 3: t-test Results of Components of E-Service Quality with Respect to Type of Tax-Payers

Factor of e-service quality	User type	N	Mean	Std. Deviation	t	Sig.
Ease of Use (EOU)	Tax Professional	165	4.09	.550	3.23	.00*
	Tax Payer	234	3.91	.543		
Speed	Tax Professional	165	3.65	.769	-2.21	.03*
	Tax Payer	234	3.80	.629		
System Availability	Tax Professional	165	3.55	.785	-2.04	.04*
	Tax Payer	234	3.70	.693		
Privacy	Tax Professional	165	4.10	.563	2.47	.01*
	Tax Payer	234	3.97	.534		
Contact	Tax Professional	165	3.84	.715	1.88	.06**
	Tax Payer	234	3.71	.641		
Responsiveness	Tax Professional	165	3.47	.648	-3.82	.00*
	Tax Payer	234	3.71	.594		
Information	Tax Professional	165	3.81	.612	-2.69	.01*
	Tax Payer	234	3.96	.487		
Personalization	Tax Professional	165	3.38	.661	-0.87	.38
	Tax Payer	234	3.44	.654		
Fulfillment	Tax Professional	165	3.45	.676	-2.74	.01*
	Tax Payer	234	3.63	.583		
Website Design	Tax Professional	165	4.03	.463	2.62	.01*
	Tax Payer	234	3.92	.365		
Functionality	Tax Professional	165	3.89	.498	-1.08	.28

*Significant at 0.05 level of significance; **= Significant at 0.10 level significance level

The responsiveness was perceived differently by common tax payers and tax professionals. Common tax payers perceived the e-services of Income Tax Department to be more responsive as compared to tax professionals as t-test was found to be highly significant (t = 3.82, $p<.01$).

The information available on the website of Income Tax Department was perceived to be more sufficient and adequate by the common tax payers as compared professional tax payers as t-test was significant (t=2.69, $p<.05$).

Personalization of website was perceived indifferently by both common tax payers and tax professionals as t-test was insignificant (t = .87, $p>.05$).

The fulfillment of e-services by Income Tax Department was perceived to be more prompt by the common tax payers as compared to tax professionals as t-test was significant (t = 2.74, $p<.05$).

The website design was found more comfortable or appealing by the tax professionals as compared to common tax payers as t-test was significant (t = 2.62, $p<.05$).

The functionality of e-services of Income Tax Department was same among tax professionals and tax payers as both were indifferent towards perception of functionality as t-test was insignificant (t = 1.08, $p>.05$) (refer table 3).

CONCLUSION

In the developing country like India, there is an ever going call for providing improved and tailored services to the customers. As taxation is the major source of revenue generation for the government of any nation, certain reforms must be incorporated from time to time in order to solve the problems of tax payers by making the system more convenient and readily available. E-services of the e-taxation system are one such reform. The study was started to recognize the difference in the perception of the tax professionals and common taxpayers regarding the e-services of the e-taxation system. Both the category of taxpayers were satisfied with the services of the e-taxation system, however there was difference in the level of perception in some regards. This can be attributed to the difference in level of exposure and frequency of use of e-taxation system by the tax professionals and

common tax payers. Certain taxpayers may be more hesitant to adopt new technologies or methods which might hold slight risk. It is also important to note that although most of the taxpayers are interested in e-taxation services; however, they do not possess the necessary computer literacy to conduct it. In addition, the taxation department ought to devise the website concerning security and privacy issues and redress the problems faced by taxpayers. The fact that people have positive perceptions about e-taxation system should be treated with great value. It is recommended to the taxation department that they must enhance the level of trust between e-taxation website and both common and professional tax payers so that the e-services of e-taxation department are perceived positively. As Common tax payers found it to less easy to use, Income tax department should organize training programs in all cities in their local language and there should be permanent help desk in the department to train the people in using the existing and upcoming online services. Moreover as professional tax payers found it less speedy as compared to the common taxpayers, income tax department must focus on the internet speed to make the system more efficient just like any research, this research has some limitations. To begin with, the study concentrates on limited citizens of Punjab and Chandigarh and does not represent the country as a whole. The results may be different with different sample, geographical areas and demographic profile of respondents. Thus the outcome of the study cannot be generalized.

The study can provide framework to be developed requiring government attention in efforts to improve the quality and services to enhance the perception of users of e-taxation system. As a concluding note to the study it is observed by analyzing the e-service system of e-taxation department; government, practitioners, policy makers and e-service counselors can use it as a guidance to promote e-taxation by both tax professionals and common tax payers. Also, various educational institutions should engage more actively in providing practical knowledge in the field of e –taxation. Government should conduct various training programs to promote peoples belief in usefulness, ease of use and increase credibility of e-taxation system.

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