DIGITALIZATION OF TAX - A STUDY IN SOUTH INDIA

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ABSTRACT

In every corner of the world, business big or small continue to evolve at a rapid pace, with momentous advancement in the areas of science and technology, and the essential role that it plays in day-to-day business operations. India like other countries, have come a long way in its quest to automatize its tax administration and data processing. With the recent e-Governance and digitalization gaining an immense importance due to its simplified and transparent structure, tax authorities from different parts of the world are concentrating on enforcing compliance and expanding the tax base with the aid of advanced technology to gather and analyze data on taxpayers, and intend to implement a transparent and compliance-oriented administration. This research paper undertakes the study of digitalizing the tax

system in South India. It also highlights the people's point of view on digital tax and benefits gained by government official. The paper is divided into IV parts. Part I consists of the introduction and methodology. Part II helps the viewer with a better understanding on the concept of digitalization of tax. Part III provides us with an analysis on the data gathered from primary and secondary sources. Part IV consists of the conclusion and a plausible solution to the challenges that are faced. This paper includes primary data collected from 50 respondents of different professions and secondary data from various websites, magazines and journal. The paper is descriptive in nature.

Keywords: Digitalization, Tax system, Accountability, Accessibility.

INTRODUCTION

Words and numbers compiled in papers and files causing chaos have now got a lot easier with the click of a button. The globalization and digitalization of business has led to a huge increase in trade transactions around the world. In the past few years, with the unprecedented flow of information mixed with the surge in the use of social media has turned out to be a torturous task for the tax administrations, who once handled it without any hassle. The Intra European organization of tax administration (IOTA) views incorporating the digital world within the tax payers experience has the highest priority for tax administrations going forward. Due to Economic incidents such as Luxembourg and panama leaks have raised the concern about transparency in tax services. These incidents had an impact on the tax payers demanding for a simple and transparent tax structure.

Digitalizing the system has also helped the government to keep an eye on the public. With the help of online banking and transaction, Authorities are able to track the records easily. Digital taxation can also be seen as a part of digital India and an initiative for cashless India. People around the world has the access to pay taxes and claim their refund.

Benefits of digitalization of tax to the tax authorities:

- Ease of operation and convenience.
- Immediate acknowledgement of payment in form of cyber receipt- tax payer counterfoil generated online at the time of payment.
- Easy to track records.
- Any Information available anytime anywhere.
- Elimination of paper work and saves time.
- Helps government to analyze.
- Greater accuracy.
- Refunds can be given faster.
- Scope of TDS has increased.

- Surveillance on assets.

- Faster detection of tax evasions and frauds

OBJECTIVES

- To know the concept of digitalization of tax.

- To know the people's point of view on digitalization of tax.

- To know benefits gained by government official.

LITERATURE REVIEW

- ICAEW (2016) Digitalization of tax International perspective ISBN 978-1-78363-683-9sThis paper draws heavily on interviews with ICAEW members and other tax specialists in a variety of countries around the world, comparing and contrasting the tax digitalization journey in each with the unique circumstances of that country.

- Microsoft PWC "Digital Transformation of Tax Administration" Attempts to showcase thepower of data and advanced analytics, skilling for better tax services and the role of a sustainable infrastructure for tax in building a sustainable society

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METHODOLOGY

The study employs primary data as well as secondary data. The secondary data was collected from different websites and magazines, primary data was collected in a structured way. The survey was created online and a link was sent to the respondents via social media platforms. A total number of 65 respondents were randomly selected, out of which we received 51 responses giving a response rate of 78.4%.

LIMITATIONS

- Less number of respondents.

- 3rd objective is based on secondary data.

- Area is restricted to certain parts of south India.

- Opinion varies from profession to profession.

DATA ANALYSIS

This section deals with data analysis from the information gathered through the structured questionnaire in the form of tables and charts.

Number of Respondents: 51

Table: 1 - Occupation of the Respondents:

| Sl. no	Occupation	Percentage
1	Doctor	3.9%
2	Engineer	5.9%
3	Lawyer	15.7%
4	Teacher	39.3%
5	Accountant	3.9%
6	Businessmen	13.7%
7	Shopkeepers	3.9%
8	Other	13.7%
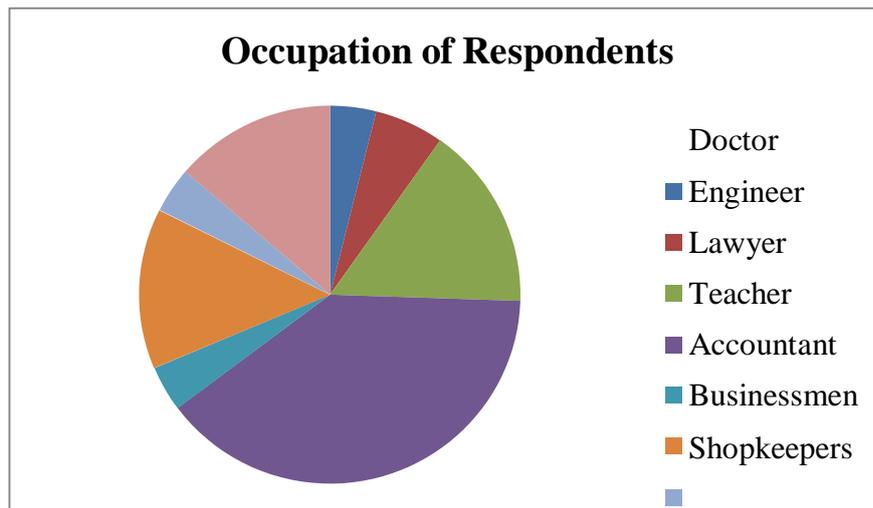
Source: Survey Method

Interpretation:

In the above data provided, it is found that out of the 51 respondents approached, of which Teachers accounted for 39.3% which is the majority.

Table: 2 -How often do you use the Tax Website?

| Frequency of usage	Percentage
Very Often	13.1%
Sometimes	21.6%
Rarely	43.7%
Never	21.6%
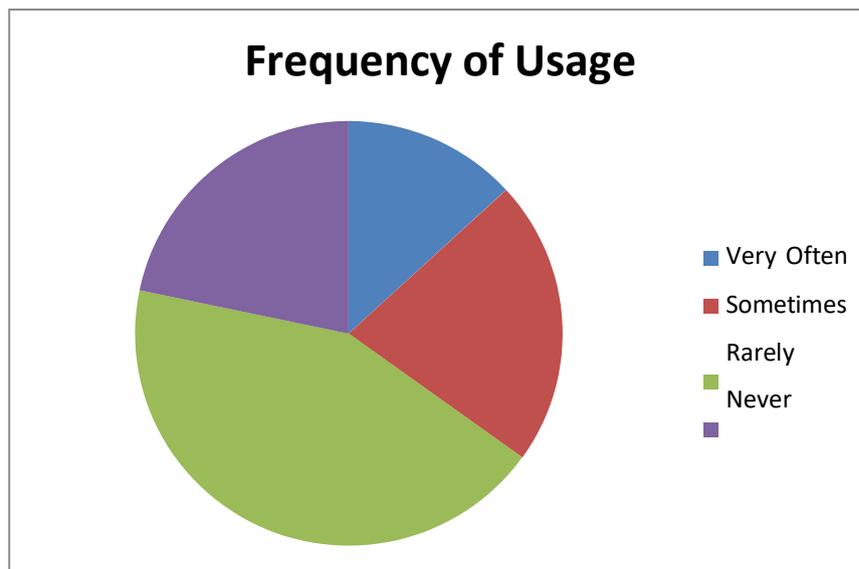
Source: Survey Method

Interpretation:

In the above data provided, it can be seen that 43.7% of the respondents use TaxPortals/ Websites rarely whereas 13.1% and 21.6% use it Very Often and Sometimes respectively.

Table: 3- Is it convenient to pay taxes online?

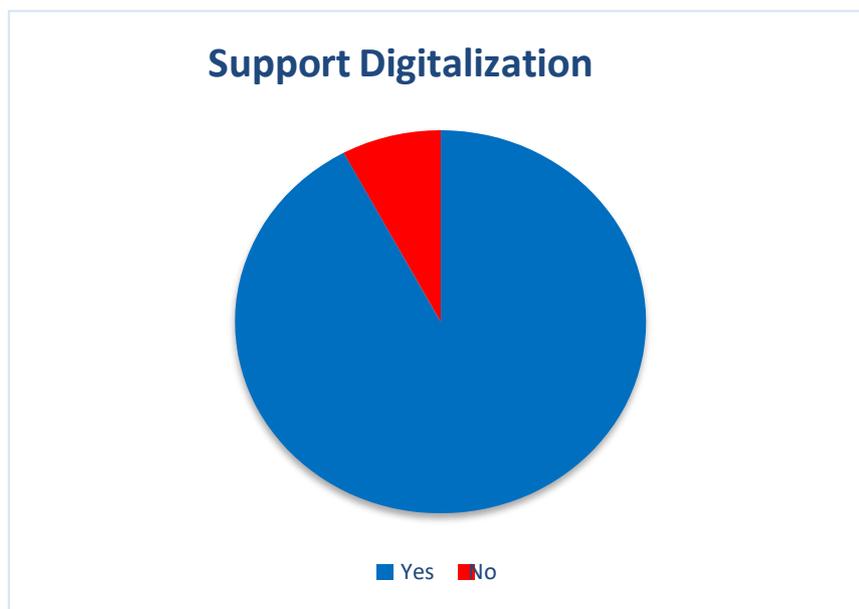| S. No.	Convenience	Percentage
1	Yes	78.4%
2	No	21.6%
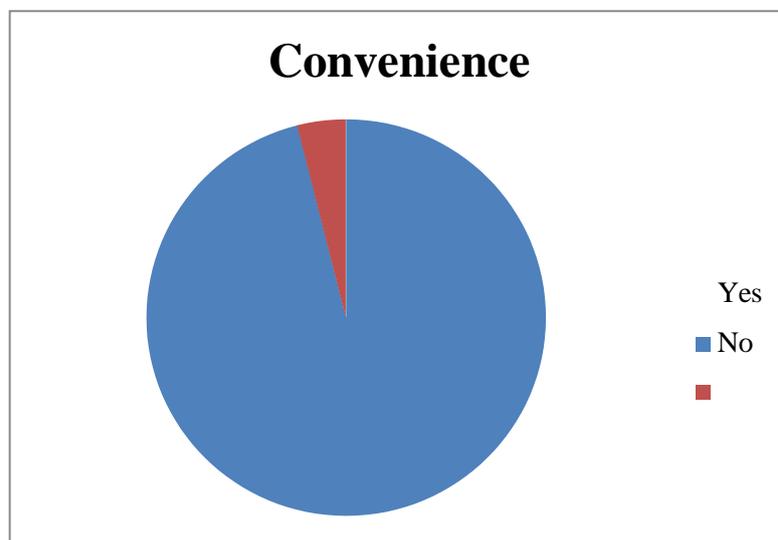
Source: Survey Method

Interpretation: In the above data provided, we can say that 78.4% of the respondents find paying taxes online convenient.

Table: 4- Do you support Digitalization of Tax?

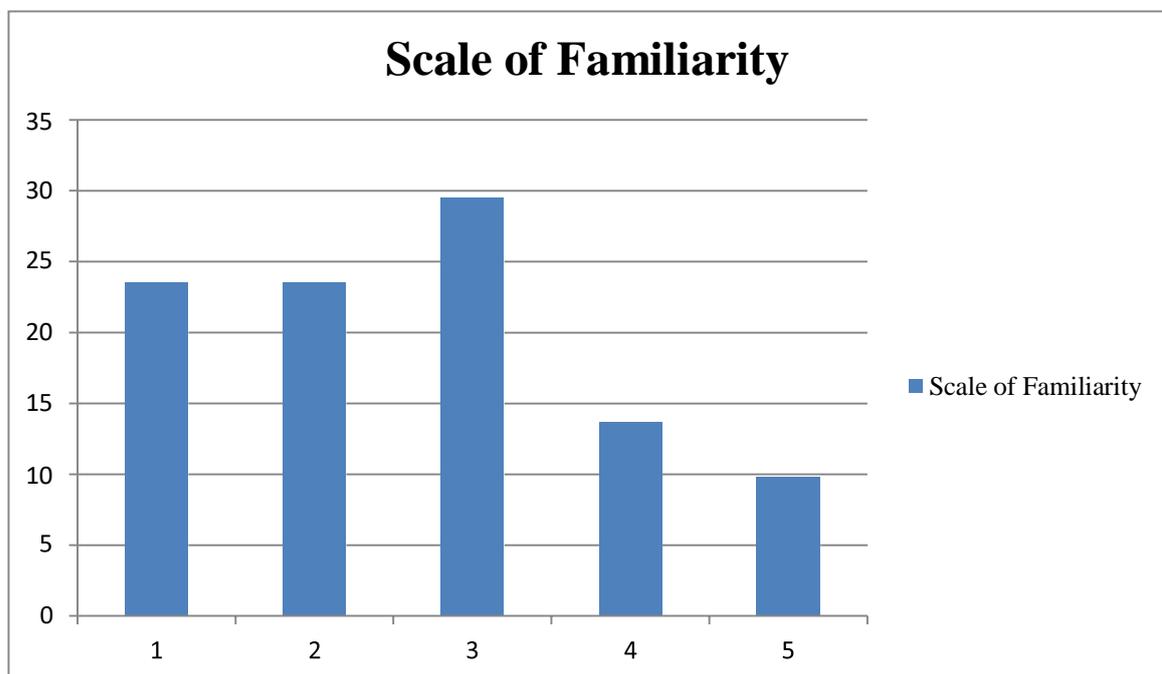| S. No	Support Digitalization	Percentage
1	Yes	92.2%
2	No	7.8%

Source: Survey Method

Interpretation:

In the above data provided, 92.2% of the respondents support Digitalization of Tax.

Table: 5- On a scale of 1 to 5, how familiar are you with Digital Tax?

S.No.	Scale of Familiarity	Percentage
1	1	23.5%
2	2	23.5%
3	3	29.4%
4	4	13.7%
5	5	9.9%

Source: Survey Method

Interpretation:

Based on the above data collected it can be seen that from a scale of 1 to 5, 29.4% of the respondents chose 3 as their level of familiarity.

FINDINGS

Based on the responses received it is found that

- People aren't aware of the online e filing rule.

- Majority of the people do not use tax portals as they are afraid of cyber insecurities.

- Though many people find the use of tax portals convenient and easy as they can do it from any place they still find it complicated due to the lack of computer knowledge and skills.

- It was also found that the people supported digitalization it will help eradicate tax evasions and frauds.

- Taxation will be transparent in nature thereby giving us clear information on the uses of the taxes paid to the government.

SUGGESTIONS

- Awareness about the tax rule

- Guiding the citizens to use tax portals effectively

- Improving the security of the tax portals to avoid security breaches in order to safeguard the data

- Simplification of the tax portals will encourage people to use the facilities thereby eliminating agents and other intermediaries

- Up gradation of servers for fast and smooth processing.

CONCLUSION

Technology has been moving at fast pace, the use of digital networking has become very essential in today's global environment as it simplifies working and reduces wastage of time.

Digitalization of tax is one such revolutionary move that has been implemented in the current global environment. This initiative by the government to digitalize tax has made work easier and faster and more convenient for the general public as well as the tax authorities. But with every new initiative there arises some drawbacks and difficulties, hence the government should look into the matter and make the necessary changes for a smooth and more convenient functioning that will benefit and encourage not only the general public but also the government authorities.

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