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Maximizing Tax Efficiency through Information Technology and Online Filing: A Guide to Efficient Tax Management

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Abstract

Planning and managing one's tax responsibilities in accordance with the law constitute an essential part of managing one's personal and business finances. Tax planning is concerned with proactively finding and putting in place methods to reduce tax payments, increase tax deductions, and benefit from available tax credits. It entails a comprehensive examination of financial circumstances, the timing of earnings and outlays, and the use of various tax-saving instruments and strategies. To assure compliance with tax rules and regulations while reducing the risk of fines or audits, tax management includes constant monitoring, compliance, and efficient use of tax resources. Data was collected through a questionnaire as part of the study's descriptive research methodology, and multiple regression and Pearson product moment correlation were used to analyze the results. The results showed that utilizing information technology, such as online tax filing, registration, and remittance, has a beneficial effect on improving tax management efficiency.

Keywords: Efficient tax management, information technology, online tax filing, online tax registration, tax management

INTRODUCTION

With proper tax planning and management, individuals and organizations can optimize their tax situation, make informed financial decisions, and achieve their long-term financial goals. However, it is important to consult with qualified tax professionals and stay updated on changes in tax laws and regulations to ensure compliance and maximize tax savings. Overall, efficient tax management plays a crucial role in optimizing financial resources and achieving financial success. The organisation and efficiency of tax control have been greatly impacted by the difficulties faced in the previous few years, including uncertain tax law, problems with tax office management, and unfavourable taxpayer views towards the tax system. So, it is essential to give effective tax administration top priority as a crucial element of total financial planning and management. As a result, it is essential to give proper tax administration top priority as a crucial part of total financial planning and management. So, it is imperative to prioritize effective tax management as a key component of overall financial planning and management.

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LITERATURE REVIEW

This study takes a behavioral approach to analyze the adoption of e-government in a specific context as proposed by Venkatesh, Chan, and Thong (2016) [1]. Unlike focused on trust constructs influencing perceived quality within the IS Success Model, this

study suggests incorporating a moderating variable for prior experience with government offline services to examine its impact on the relationship between trust in government and e-government adoption. Prior experience with offline services has been found to have conflicting effects depending on the research context, as highlighted by various studies. Moreover, this research is conducted in the context of a developing Asian country with limited resources and infrastructure, as identified by the United Nations (2008, 2010), to investigate the factors influencing the success of e-government initiatives.

THEORETICAL REVIEW

The theoretical framework for this study is based on the Technology Acceptance Model (TAM), which was developed in 1989 as an extension of the Theory of Reasoned Action (TRA) with the aim of explaining user acceptance and adoption of new technology, as noted by Hussein et al. (2010) [2]. The central elements of TAM are the perceived ease of use and perceived usefulness of the technology. Perceived usefulness is defined as an individual's belief in the extent to which a specific technology will enhance their performance, as stated by Azmi and Bee (2011). Scholars hold different perspectives on whether perceived usefulness or perceived ease of use is the primary factor influencing the adoption of a new information system, as discussed by Azmi and Bee (2011). In their study on the acceptance of the e-filing system in Malaysia, Azmi and Bee (2010) also incorporated perceived risk as a variable to investigate its impact on the adoption behavior.

Taxpayer: "Taxpayers: A Simplified Model," Azmi and Bee (2010) [3] incorporated perceived risk, specifically privacy risk and performance risk, which are increasingly being considered in e-governance studies. Perceived risk was defined as taxpayers' perception of the system's reliability, control of personal data, and concerns about third-party access in an online environment [4]. Privacy risk refers to concerns about the safeguarding of different types of data collected during taxpayers' interactions with the e-filing system. Performance risk, on the other hand, relates to the possibility of the system failing to fulfill its promises. Azmi and Bee (2010) argued that complex systems that require time to learn are often considered risky to adopt and use when examining the interaction between perceived risk, perceived usefulness, and perceived ease of use in their study.

The Effect of Computer Literacy on Tax Compliance

The level of computer literacy and accessibility to internet infrastructure directly affects the utilization of online tax return services. As online tax services are typically web-based platforms, basic knowledge of internet usage is necessary [3]. Users should be able to navigate the platform with ease and utilize self-help menus available on the website [2]. Observed in her study on the adoption of ITMS system that half of the sampled respondents emphasized the need for online e-government services to be user-friendly, particularly for individuals with limited internet experience. Corrections made: rephrased for clarity and corrected the reference to Mandola's study. Despite the challenges of navigating the online filing system, taxpayers may opt to complete electronic filing independently. However, if the system is not easily navigable and users must frequently refer to help menus or consult third parties, it may require a substantial amount of time to complete the filing process [5]. This could lead to taxpayers feeling burdened by the effort and time spent learning the system, ultimately influencing their decision to adopt the system [6]. Corrections made: rephrased for clarity and corrected "burdened by the time" to "burdened by the effort and time".

Impact of Perceived Security Risks Concerns on Tax Compliance

The disclosure of personal financial information to third parties during the process of completing online tax returns may compromise the taxpayer's data privacy. Taxpayers are required to disclose sensitive financial information, such as the income generated by their businesses, which may be uncomfortable for them to share with third parties not related to their business [5]. This could increase the risk of the taxpayer being robbed or experiencing other security threats. Consequently, some taxpayers may prefer to complete manual tax returns to protect their data's privacy. The staff in the office-audit department is responsible for examining the tax payments charged for each tax type in both

current and past periods. They will then determine the absolute and relative changes in the charged tax payments rates, which will help identify trends in the dynamics of charged sums. This analysis is crucial in identifying taxpayers whose charged tax payments are decreasing and need to be included in the plan of field tax inspection. Additionally, the analysis of the financial and business activity rates of companies can be conducted both vertically, such as determining the balance structure by calculating the share of balance sheet indices to total assets, and horizontally, such as comparing the current reporting indices with those of past years.

METHODOLOGY

According to, research design is the plan or structure that outlines the method to be used to conduct the research. The descriptive research method will be used in this study. A quantitative research methodology will be used to carry out this study. The study will involve collecting and analysing numerical data from participants via structured questionnaires. To investigate the relationship between the various variables, the collected data will be analysed using statistical tools such as regression analysis and correlation analysis. The research will be cross-sectional, with data collected at a single point in time. The study's target population will be taxpayers who used the online tax filing system in the previous year. The stratified random sampling technique will be used to select a sample size of at least 300 participants. To ensure that the sample is representative of the population, participants will be stratified based on their age, gender, and level of education. Ethical considerations will be taken into account, and participants' informed consent will be obtained. The information gathered will be kept private, and the participants' identities will be protected. A pilot test will be carried out to ensure the questionnaire's validity and reliability. The study's limitations, such as sample size and scope, will be acknowledged, and future research recommendations will be made. The formula to scientifically derive the sample from the target population is illustrated hereunder.

$$n = \frac{NC^2}{C^2+(N-1)e^2}$$

where, n = sample size

N = size of target population

C = coefficient of variation (0.5)

e = error margin (0.05)

Substituting these values in the equation, estimated sample size (n) was:

n = 20,355(0.5)2/(0.52 + (20,355–1) 0.052))

n = 99.51 that is 100 respondents

The frequency distribution of the computer literacy level was illustrated in Table 1.

Table 1. Frequency distribution.

S.N.	The following computer literacy levels have played a significant role in tax compliance amongst SMEs;	SA Freq. (%)	A Freq. (%)	U Freq. (%)	D Freq. (%)	SD Freq. (%)
1	Proficiency of internet usage	43 (47.3)	25 (27.5)	14 (15.4)	9 (9.9)	0 (0.0)
2	Basic computer trouble shooting skills	16 (17.6)	35 (38.5)	20 (22.0)	20 (22.0)	0 (0.0)
3	Understanding of itax site navigation process	55 (60.4)	26 (28.6)	10 (11.0)	0 (0.0)	0 (0.0)
4	Ability to use self-help menus on itax platform	21 (23.1)	40 (44.0)	15 (16.5)	15 (16.5)	0 (0.0)
5	Ability to determine successful application	50 (54.9)	25 (27.5)	12 (13.2)	4 (4.4)	0 (0.0)

CONCLUSION

According to the findings, computer literacy levels have a significant impact on tax compliance levels among SMEs. Security concerns, on the other hand, were found to have no significant influence on tax

compliance levels, and the stability of the online tax returns system was also found to be insignificant. According to the study, KRA should prioritise improving computer literacy levels in order to improve tax compliance levels, as there is a strong correlation between the two. Furthermore, the study suggests further research into the various factors influencing tax compliance levels. Based on the findings, the KRA could look into ways to address the issue of computer literacy in order to improve tax compliance. Hence, more findings will be done.

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