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Adoption of Technology for Taxation: A Study of SME's of Gujarat

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Abstract: Now a day's using technology in business is very much required to cut the cost and to increase productivity and performance. Especially for small & medium units having low capital and other problems, usage of computer technology could be very much useful to increase the performance of business. To follow government rules & regulations, preparation of account, reports & return must be correct & in time. Therefore to take the advantage of technology in taxation for timely & accurately preparation and submission of taxation related reports & returns are imperative. To know up to what extent small & medium units of Gujarat are using technology for taxation, the study would be very significant. The study shows that very less number of SME's units use technology for taxation. The main reason found is that they approach to CA's and other consultant for the taxation related matter.

Keywords: Technology for Taxation, SME's.

I. INTRODUCTION

Adoption of technology definitely brings speed, accuracy and real-time excess at an affordable price. Any type of organization can get benefit of technology in the area of taxation and other area of finance and management. Now a day's efficient and effective software are available for small and medium size enterprise for making easy and convenient the complex and ever-changing rules of taxation. Up to what extent the SME's are using technology for taxation has been explored in this study.

II. RESEARCH METHODOLOGY

The scope of the study restricted to adoption of technology for taxation by selected small and medium size units. The study is exploratory in nature. The study is based on primary data. For the present study questionnaire were prepare to know the level of adoption of taxation Technology by SME's. The researcher has taken 100 samples (Respondent) on convenient basis. The researcher has approach about 180 small and medium units out of which response of 110 units have received but 10 questionnaire found incomplete therefore 100 responses examined out of which 25 units was from medium size and 75 units belongs to small size enterprise.

III. OBJECTIVE OF THIS STUDY

- 1 To study the various technology relating to taxation available for small & medium scale units.
- 2 To throw light on utility of latest technology for taxation.
- 3 To examine the adoption of technology for taxation by selected SME' s

IV. VARIOUS PRODUCTS AVAILABLE FOR COMPUTERIZED TAXATION

- 1 Company-e-files
- 2 Income Tax
- 3 e-TDS
- 4 FBT
- 5 Service Tax
- 6 Wealth Tax
- 7 Billing
- 8 Form manager
- 9 Digital Signature

V. UTILITY OF TAXATION TECHNOLOGY

- 1 Complex Calculation made easy.
- 2 No need to aware latest rules and regulations of taxation.
- 3 Paper less and swat less work of Taxation.
- 4 Real-time tax calculation.
- 5 Users friendly.
- 6 Save lots of time.
- 7 Accurate Calculation of tax and Accurate Tax Planning.

VI. UNIQUE FEATURE OF SELECTED TAXATION SOFTWARE**INCOME TAX**

Preparation of Computation of Income, Print Challans, Return Forms and various MIS Reports etc., Include Wealth Tax & Billing as well as also include unique features of reverse tax calculator. E-Filing of Form ITR-1, 2, 3, 4, 5, 6, 8 in XML Format. Facility to upload the e-File, online challan e- Payments directly through the software. Facility to generate and online submission of Form 49A/PAN Correction.

e-TDS

Preparation of e-TDS Return File, Forms 24,26,27,27E, 24Q, 26Q, 26QA,27Q,27EQ,16,16A,16AA,22,27D by giving Single Input, Salary Calculation, Rebate, Relief u/s 89, Data can be Imported from MS-Excel Files/Text Files and FVU Files. Generation of TDS/TCS Certificates (Form 16, 16A, 27D) in PDF Format signed with Digital Signature. Preparation of TDS/TCS Book Adjustment Form (TBAF).

FBT

Calculation of Fringe Benefit Tax, Printing of Challans. Generation of Return Form and e-Filing in XML format thereof.

SERVICE TAX

Preparation of Form St-1,3,3A,4,5,6,7,TR-6,ASTR-1,2. Service Tax Credit Return, Auto Interest Calculation. All India Range Codes. Auto Calculation of service Tax Credit on Input Services, Input Service Distributor and Capital Goods. User can Bill wise Details and maintain CANVAT Credit Register as per required by Law. Online challan e-Payments.

PREPARATION OF BALANCE SHEET

Preparation of Audit Report, Trading A/c, Profit & Loss A/c, Balance Sheet (Vertical, Horizontal or Schedule VI Format) by Transferring Data from Tally, MS-Excel and many other software's like Busy, NAC, TATAEx, Focus. Preparation of Schedules and Lists, Preparation of Depreciation chart as per Income Tax Act and Companies Act. Miscellaneous Ratio Analysis.

FORM MANAGER

About 1000 Forms Including, Agreements, Company Law, Gift, Partnership, Power of Attorney, Companies Minutes, Resolutions, Facility to make changes in Original Forms and Create New Forms.

VII. ADOPTION OF TECHNOLOGY FOR TAXATION**USE OF TECHNOLOGY FOR TAX**

Table no: 1 Usage of Technology for Taxation by SME's

Using technology for paying tax	Respondent	Percent
Yes	19	19.0
No	81	81.0
Total	100	100.0

It is found from Table No. 1 that only 19% Units are using technology for paying tax whereas 81% Units are not using technology for paying tax, they are either take the help of CA's or do it manually.

TYPE OF TECHNOLOGY USAGE FOR TAX

Table:2 Type of Technology Used by SME's

Type of Taxation technology is used	Internet		Software		Others	
	Respondent	%	Respondent	%	Respondent	%
Yes	8	42.11	18	94.74	0	0
No	11	57.89	1	5.26	19	100
Total	19	100	19	100	19	100

It can be observed from the Table No. 2 that 18 Units (94.74%) are using software for taxation, whereas only 8 Units (42.11%) are using internet for tax purpose.

USAGE E-RESOURCES FOR TAXATION BY SME'S

Table No 3 Usage e-Resources for Taxation

Using e-resources	Respondent	Percent
Yes	19	100
No	0	0
Total	19	100.0

The survey reveals that, 100 % Units are using e-resources for tax related matters and new provision that has taken place.

BRAND USED BY SME'S UNITS FOR TAXATION PURPOSE

Table No 4 Brand Used By SME'S Units for taxation purpose.

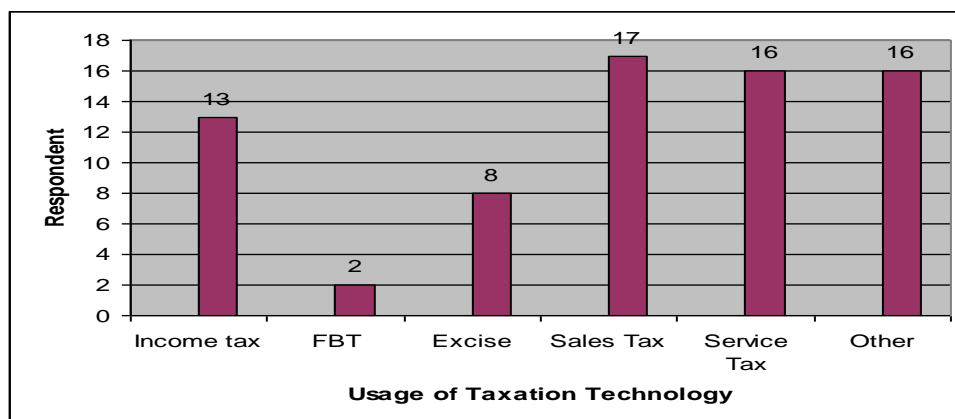
Company	Respondent	Percent
Easy Tax	7	36.84
Computax	6	31.58
SAG InfoTech	6	31.58
Total	19	100.0

It is clear from the Table No. 4 that 7 Units (36.84%) are using e-resources of Easy Tax, whereas 6 Units are using e-resources of Computax and 6 Units are using e-resources of SAG InfoTech.

PURPOSE OF USE OF TAXATION TECHNOLOGY

Table No 5 Purpose of Use of Taxation Technology by SME's

Purpose	Income tax	FBT	Excise	Sales Tax	Service Tax	Other
Respondent	13	2	8	17	16	16



Graph No:-1 Purpose of Use of Taxation Technology by SME's

Table No. 5 shows the purpose for using taxation technology by selected SME's. It is found that 17 units use taxation technology for Sales Tax, followed by service tax (16 Units), Income Tax (13 Units), Excise (8 Units) FBT (Only 2 Units) and other (16 Units).

USE TECHNOLOGY E-FILLING OF TAX

Table No 6 Use Technology e-Filling of Tax

Using e-filling	Respondent	Percent
Yes	12	63.16
No	7	36.84
Total	19	100.0

It is observed from the Table No. 6 that, 63.16% Units are using technology for e-filling of tax, whereas 36.84% Units are not using e-filling of tax, out of using units.

FURTHER INVESTMENT PLAN FOR TAXATION TECHNOLOGY

Table 7 Further Investment Plan for Taxation Technology

Planning for further investment	Respondent	Percent
Yes	15	78.94
No	4	21.06
Total	19	100.0

It is clear from the Table. No. 7 that 78.94% Units are planning for further investment in taxation technology whereas 21.06% respondent satisfied with the present technology.

TOTAL INVESTMENTS FOR TAXATION TECHNOLOGY

Table No 8 Total Investments For Taxation Technology

Total investment	Respondent	Percent
Up to Rs 20000	9	47.37
Rs 20001 to Rs 50000	10	52.63
Total	19	100.0

Table No. 8 shows the total investment plan for taxation technology. It is found that 10 Units have invested about Rs 20000 to 50000 for technology, whereas 9 Units have invested less than Rs.20,000.

AWARENESS ABOUT LATEST TAXATION TECHNOLOGY

Table No 9 Awareness About Latest Taxation Technology

Aware about latest taxation technology	Respondent	Percent
Yes	19	100
No	00	00
Total	19	100.0

It is found that 100% respondents were aware about latest technology available for taxation.

REASONS FOR NOT USING TECHNOLOGY FOR TAXATION

Table No 10 Reasons for Not Using Technology for Taxation

Reasons for not using taxation technology	Respondent	Percent
Less fund	15	18.52
Not willing	8	9.88
Any other	58	71.60
Total	81	100.0

Table No. 10 shows the reasons for not using taxation technology. It is found that out of 81 Units, 71.60% (58 Units) take helps of CA's (other) reason whereas 18.52% (15 Units) give the reason of less fund and 09.88% (8 Units) not willing to adopt taxation technology.

VIII. FINDING OF THE RESEARCH

- Only 19 Units were using technology for taxation, 81 respondents are not using technology. Out of 81 respondent 58 respondent taking help of chartered accountant, 15 respondent have less fund for technology and 8 Units are not willing to adopt the same. It is clear that very less units use technology for taxation.

- 2 All respondent use computer and software, no units were using ERP and proprietary software for taxation.
- 3 Easy tax is found most popular software in Gujarat for taxation.
- 4 Study shows that technology does not give guarantee for reduction in frauds, there are great chances of loss of data.
- 5 Majority units employ only trained employee. In case of non-trained employee majority units give training inside the company.
- 6 Chartered accountant and software companies are main influencers for installing taxation technology.
- 7 It is found that from the units that are used technology, majority units have invested up to Rs. 50,000 for tax purpose.
- 8 Majority of respondent are aware about latest technology of accounting and taxation.

IX. CONCLUSION AND SUGGESTIONS

Awareness and usage of technology relating to taxation is too low among SMEs' So it is advisable to increase the usage so that they can be relieved from stress form complex rules and regulation and concentrate in the main business and strategy for the development of enterprise.

X. LIMITATION OF THE STUDY

- 1 This study is based on sample of 100 units only.
- 2 Sample has been selected from V.U.Nagar town and Nadiad city GIDC Area only.
- 3 Data collected through primary data only.
- 4 Purposive sampling techniques has been used for the study.

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Dr. Yagnesh Dalvadi, [M.Com.(Gold Medalist) PhD.] is a faculty at PG Department of Business Studies, Sardar Patel University, Vallabh Vidyanagar. He has teaching experience about 12 years to the students of undergraduate and post graduate. He received Five times prize for Best Research Paper at national level seminar. He won six medals at U G Level and Gold Medal at P G Level. He has presented 37 Research Paper at national and international seminars and conferences. He is a treasurer of Indian Accounting Association -Gujarat Branch and Alumni Association of Department of Business Studies.