

Adoption of e-Government Services: Exploring the Case of Electronic Tax Filing

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ABSTRACT

Electronic tax (e-Tax) filing is an emerging area of e-government. Many developed countries today have initiated tax e-filing. However, such a service is yet to establish itself as an integrated system, especially in developing countries like Bangladesh. Since it has the potential to improve the overall process of tax filing, it is important to understand the factors that can influence taxpayers' acceptance and use of e-Tax filing systems. This research thus proposes a model to identify such adoption factors in the context of Bangladesh. Findings claim that facilitating conditions, trust, effort expectancy, performance expectancy, along with individual innovativeness plays an important role in capturing taxpayers' overall perceptions of e-Tax filing services. Results overall indicate that individual taxpayers may be fairly pragmatic in developing general attitudes towards using such system in Bangladesh. Limitations and implications for practice and research are also discussed for better planning and implementation of similar e-government services.

KEYWORDS

Bangladesh, Electronic Tax Filing, Government Services, Innovativeness, Privacy, Taxpayers, Technology Adoption, Trust

INTRODUCTION

Electronic Government (e-Government) has long been sounding as a breakthrough of communication and transaction between the government and citizens. It is not only to help government to accomplish daily administrative activities but also to provide more easy way to communicate with external entities such as citizens and businesses throughout the utilization of information technology (Hussein et al., 2010). In fact, e-Government is the use of technology web-based applications in order to enhance access to and efficiently deliver government information and services (Suki and Ramayah, 2010; Alzahrani and Goodwin, 2012). Its sole purpose is to provide information and assistance to the citizens including links to renew a passport, download visa forms, etc. (Schaupp et al., 2009).

In recent times, one prominent type of e-Government services has been the introduction of the e-filing system for income tax, otherwise known as the e-Tax services. Through this system, taxpayers are able to submit their tax returns electronically to the proper government authorities by preparing, reporting and paying their taxes online (Azmi and Kamarulzaman, 2010). The e-Tax service has been implemented with the goal of easing the burden on the taxpayer and increase compliance of tax filing through the innovative use of technology (Schaupp et al., 2009). Administratively, e-Tax offers a potential benefit to the government as well because the process of tax return by the citizens can

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now be managed effectively via the enabling of technologies. The e-Tax service is thus an important application that automates tax related processes in an attempt to improve efficiency in assessing and collecting tax information. It has the potential to improve tax-filing service while at the same time reducing costs to both taxpayers and tax collecting agencies (Fu et al., 2006).

Generally, such a service has been initiated by the government in many developed and developing countries in order to improve information flow and processes, along with the speed and quality of policy development, coordination and enforcement related to income tax filing. It has enabled many governments to become more responsive to the needs of its citizens, ultimately resulting in less corruption, increased transparency, greater convenience, revenue growth and/or cost reductions (Suki and Ramayah, 2010; Hussein et al., 2010).

Although the adoption of e-Tax filing is potentially a route to the provision of better services delivered to citizens at a lower cost, there is a low level of acceptance or adoption of such services in many developing countries even today (Carter and Belanger, 2005; Alzahrani and Goodwin, 2012). This is because the success of service like e-Tax largely depends on the importance that citizens' place on factors such as convenience and usefulness of the offered services. Moreover, since income tax filing is somewhat confidential, taxpayers remain concerned about the use of technology to file income tax returns due to the lack of innovativeness, privacy or trust for any such online transactions (Hussein et al., 2010). As a result, many individual taxpayers in developing countries opt for manual tax filing rather than the use of technology like e-Tax services.

The importance of innovativeness, privacy and trust for e-Tax services has been evidenced in numerous past studies, but there is a paucity of research regarding the effects of these factors on the acceptance and use of e-Tax services in a developing economy. This study fills into the void by aiming to conceptualize the proposed constructs of innovativeness, privacy and trust to examine the factors that can influence future use intentions for e-Tax services in the context of Bangladesh. To pursue this purpose, the unified theory of acceptance and use of technology (UTAUT) model has been used. Findings of this research will provide further insights into understanding and managing current taxpayers, particularly hailing from the urban areas of Bangladesh. This study can also assist various government and tax administration authorities to consider the idea of providing appropriate e-Tax services to aid the urban people of Bangladesh for filing their individual tax returns in a timely fashion.

LITERATURE REVIEW

This study argues that it is necessary to determine the factors that can influence future use intentions of individual taxpayers for e-Tax filing services in the context of Bangladesh. As such, the current practice of tax filing and its implications for electronic tax services in Bangladesh, followed by the research platform of the study and the theoretical background of the proposed constructs has been discussed to determine the gaps for the study.

Tax Filing Initiatives in Bangladesh

Income tax return in Bangladesh means submission of return of income in the prescribed form to the Deputy Commissioner (DC) of Taxes by a person whose total income during the income year exceeds the maximum amount of non-chargeable income or the income of any other person in respect of which he is assessable to tax under the Income Tax Ordinance (ITO), 1984 (NBR, 2011). According to the Economic and Social Survey of Asia and the Pacific 2014, reports by the Economic and Social Commission for Asia and Pacific (ESCAP) of the United Nations claim that less than 1% population pay tax in Bangladesh. A major reason behind this is the current procedure used for filing tax in the country.

Under the current system, each income tax payer is entitled to get income tax return form for free of cost from tax offices or can download it from the website of National Board of Revenue (NBR). Using the online tax calculator or by hiring agents or lawyers, each individual taxpayer then needs to

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