Chapter 9

Innovativeness, Privacy, and Trust as Determinants of Electronic Tax Filing: An Empirical Investigation and New Research Agenda

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ABSTRACT

Electronic tax (e-Tax) filing is one of the most interesting and dynamic examples of the integration of information technology and service provision between the government and citizens. However, citizens are often concerned about the use of technology due to their personal innovativeness, and lack of privacy and trust for online transactions. This chapter thus aims to investigate adoption drivers of e-Tax filing systems in Bangladesh by employing the UTAUT model. Results reveal facilitating conditions, trust, effort expectancy, performance expectancy and individual innovativeness as significant drivers in e-Tax adoption. Besides, this chapter suggests a new research agenda wherein perceived risks that can cause services like e-Tax filings to fail are addressed. Several factors that are known to exacerbate perceived risk were identified from the literature and thereafter shown as part of a proposed framework. Besides, implications for practice and research are also discussed for better planning and implementation of e-Tax services.

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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). The communication of e-Government broadly has three categories, namely Government to Citizen (G2C), Government to Business (G2B) and Government to Government (G2G) services. Among these, it is basically the G2C services which most of the governments from developed and developing countries are focusing upon today. Its sole purpose is to provide information and assistance to citizens including links to renew a passport, download visa forms, file tax returns, etc. (Schaupp et al., 2009).

The most prominent type of G2C 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 & 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. Administratively, e-Tax offers a potential benefit to the government as well because the process of tax return by the citizens can 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 & 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 (Alzahrani & 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 chapter 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 chapter 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.