



**MICRO, SMALL, AND MEDIUM ENTERPRISES' AWARENESS ON
BUREAU OF INTERNAL REVENUE ELECTRONIC FILING AND
PAYMENT SYSTEM AND CHALLENGES ENCOUNTERED**

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Abstract:

Micro, small, and medium enterprises (MSMEs) comprised the majority of taxpayers both in terms of number and tax remittances. A sound taxation system was a necessity to provide MSMEs with a more convenient and interactive experience while filing and paying taxes. The purpose of this study was to determine the level of awareness of MSMEs in Calamba City, Laguna of BIR's Electronic Filing and Payment System (eFPS) and its relationship to the challenges encountered while using the system. This study used a descriptive correlational design. The 134 respondents were composed of both owners and the staff of micro and small enterprises taxpayers in Calamba City, Laguna. The result showed that not all businesses were aware of all the benefits of using eFPS. Moreover, the study revealed a significant relationship existing between the awareness of taxpayers about the eFPS and the challenges they experienced while using it. The enhancement program may be implemented for micro and small enterprises in the City of Calamba. It might increase the level of awareness of taxpayers about eFPS and lessen the challenges experienced.

Keywords: electronic filing and payment system, perceived usefulness, perceived ease of use, perceived security, knowledge of taxation system

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INTRODUCTION

The government receives the majority of its funding for providing public goods and services from taxes in practically every nation. Additionally, tax revenue is what allows the government to provide services to the populace. The operation of the government cannot function without taxes. The government would become paralyzed without it. When a taxation authority, often a government, levies or imposes a monetary obligation on its people or residents, it is referred to as taxing. Kagan (2021) asserted that paying taxes to governments or authorities had been a fundamental aspect of civilization since the dawn of mankind.

Several developing nations have used electronic filing and payment systems throughout the years to modernize and streamline their tax administration processes. The income tax department of India built a system for centralized processing of returns in 2014, with the adoption of an electronic filing system for income taxpayers being one notable kind, according to the study of Kumar and Gupta (2017). The system was anticipated to minimize the time needed for data input at the tier end of reception of income tax returns and to make the process of submitting income tax returns (ITR) easier for individuals. Kumar et al. (2017) further stated that the major advantage of an electronic filing included ease of use and convenience.

The most common and extensively utilized way of submitting taxes is manual filing. Throughout the tax filing and payment period, taxpayers use a standard printed form to fill out by hand or computer and do complex computations. The tax agency's computers either receive manually submitted data from tax returns or process it using pictures. Individual income tax regulations must be understood by taxpayers when filing manually, and written and/or mathematical mistakes are possible on the tax return.

Accordingly, the tax collecting department must manually enter taxpayer data into their computer system promptly and properly, which takes time. The Bureau of Internal Revenue is the organization in charge of levying and collecting taxes in the Philippines. The computerized tax system was just a vague rumor a few years ago. Operators of small businesses hardly ever received the media attention that they all assumed was reserved for large corporations. As it is the primary responsibility of BIR to collect and manage taxes, the current self-assessment system places the onus on individual and corporate taxpayers to be aware of their obligations and act accordingly. As a result, the BIR had put into effect the Electronic Commerce Act 2000 (Republic Act No. 8792), which mandated that some government agencies conduct business electronically and authorized the creation of online payment and filing systems. Finally, in June 2001, the Electronic Filing and Payment System (eFPS), a BIR e-service that streamlined and offered the

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taxpayer a paperless tax filing experience as well as simple payment of tax dues through the Internet, was designed and implemented.

To evaluate the quality and completeness of taxpayer inputs, the electronic filing system employs the BIR's validation and calculation standards. In contrast to other forms of payment like the tax debit note and tax remittance advice, which use an internet-enabled banking system, e-Payment is the online payment and verification process between the BIR eFPS and the Authorized Agent Banks (AABs).

These tax filing systems have not been recognized by the public or have been seriously underutilized despite all attempts to create simpler and easier electronic tax filing systems. The researcher will analyze Micro, small and Medium Enterprise (MSME) owners' current familiarity with the electronic tax filing and payment system in Calamba City in this case. It is vital to appreciate the awareness and challenges that clients of electronic tax-filing and payment systems (eFPS) experience, but also the elements that could influence their choice to use or not use these eFPS. The answer to this challenge may help the government build and promote future computerized tax-filing systems. This study was motivated by the alleged necessity for the process between the BIR and the taxpayers in Philippine society. Tax avoidance, failure to pay taxes, and corruption were the topics that were frequently covered by the media. To further improve the plan, the current issue was considered.

This analysis provided a forum for MSME to enhance self-awareness and became acquainted with the system. This research helped to improve the system's simplicity, interactivity, consciousness, fast reaction, accessibility, and expenditure. Supporting the most creative technological initiative at this institution might urge lawmakers to enhance services and corporate groups to develop criteria for electronic filing processes.

MATERIALS AND METHODS

The study employed a survey questionnaire and a descriptive correlational research approach to explore and examine any potential relationships between the issues that MSMEs had utilizing the BIR's electronic filing and payment systems and their awareness of those systems. This study design, according to McCombes (2020), was the variables and the interactions that organically developed between and among them.

The data was gathered from registered micro, small and medium enterprise proprietors who were allowed to use the electronic filing and payment systems of the BIR in Calamba City, Laguna. The study's respondents were MSMEs who were the owners or proprietors of the chosen

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companies in Laguna, especially in Calamba City. The respondents were categorized by their level of assets. The table below provides the number of respondents from each category.

In order to choose respondents from the several groups (micro, small, and medium firms) who were registered, taxpayers, stratified random sampling was utilized in this study. The partitioning of a population into smaller groups known as strata was a key component of the sampling technique known as stratified random sampling. During stratified random sampling, the strata were created based on the common traits or features of the participants. For this study, the population was divided into micro, small, and medium enterprises.

To identify the required sample size, G*Power 3.1.9.4 was used with parameters: t-test; two tails; effect size ($|\rho|$) = 0.35; error probability (α) = 0.05; and power ($1-\beta$ err prob) = 0.95. The total sample size was 100.

As the primary tool for obtaining data, a survey questionnaire was used and customized in accordance with the needs of the study to raise awareness. It was used in the research (De Quito, 2020). The questionnaire was changed to elicit information from the respondents in order to gather the data required for the study.

The questionnaire consisted of two parts, the first part included the level of awareness of the MSMEs' owners and the second was the degree of challenges encountered on using electronic BIR filing and payment systems (eFPS). The questionnaire used 4-point Likert scales. Verbal scales and interpretations associated with each response reflected the degree of attitudinal favorableness according to the following: (3.26 - 4.00) Fully Aware, (2.51 - 3.25) Aware, (1.76 - 2.50) Slightly Aware and (1.00 - 1.75) Not Aware.

All of the data were processed using descriptive and inferential statistics to gauge the respondents' responses. Part 1 sought to find out the basic sample descriptive statistics with the awareness on electronic BIR filing and payment systems and Part 2 aimed to identify the degree of challenges encountered by the MSMEs in complying with the electronic BIR filing and payment system.

The statistician used Statistical Package for Social Sciences (SPSS) to apply the following statistical treatments to the study for in-depth analysis and interpretation of data: the weighted mean was used to determine the MSMEs' level of awareness and the degree of challenges they encountered, to determine the significant relationship between the level of awareness of micro, small and medium enterprise proprietors on Bureau of Internal Revenue electronic filing and payment system and the level of challenges they encounter on using it, the Pearson product-moment correlation coefficient (r) was used. In addition, the significance of the Pearson product-

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 moment correlation coefficient (r) was established by the t-ratio formula and using the critical values of "t" for two-tailed at 0.05 level of significance with the degree of freedom (df)= n-2.

RESULTS AND DISCUSSION

Discussion per problem and per table/thematic chart followed by discussion, interpretation/reflection, and supporting literature.

Table 1.1

Level of Awareness on BIR Electronic Filing and Payment System as assessed by Micro, Small, and Medium Enterprise Proprietors in terms of Perceived Usefulness

Indicators in terms of Perceived Usefulness	Micro Enterprise		Micro Enterprise		Micro Enterprise		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
1. Fast - response or acknowledgment time is quicker than manual filing.	2.74	A	2.66	A	3.09	A	2.83	A
2. Saving tax returns filed in the computer or other storing device to save office space or print right after filing is observed.	2.74	A	2.80	A	2.83	A	2.79	A
3. Readily available - eFPS is available 24 hours a day, 7 days a week including holidays	2.49	SA	2.71	A	2.83	A	2.68	A
4. Using eFPS to automatically compute penalties, and offline, asking a BIR officer to assist in computation can be done.	2.43	SA	2.54	A	2.26	SA	2.41	SA
5. Using the BIR online facility to check old tax returns filed/paid (eFPS) from the date of online registration or email	2.60	A	2.51	A	2.14	SA	2.42	SA

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confirmation (eBIRForms) from the BIR from the start of using the offline platform is also done.

GENERAL ASSESSMENT	2.60	A	2.65	A	2.63	A	2.63	A
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Legend:	3.25 – 4.00 Fully Aware (FA)	2.50 – 3.24 Aware (A)
	1.75 – 2.49 Slightly Aware (SA)	1.00 – 1.74 Not Aware (NA)

According to the above result, owners of micro, small, and medium-sized businesses are aware of the BIR electronic filing and payment system and perceive it to be useful. It was implied that user-friendliness has a significant influence on both the user's learning curve and business compliance. The highest mean is a quick response or acknowledgement time, which is faster than manual filing. It means that proprietors of micro, small and medium enterprises are aware on the BIR E-filing which help them to avoid penalties and surcharges. It allows taxpayers to have paperless tax filing experience and enables them pay taxes online through the convenience of an internet-banking service via debit from their enrolled bank account.

On the other hand, the result manifested that SMEs' proprietors are slightly aware on the usage of eFPS to automatically compute penalties, and offline, and ask a BIR officer to assist in the computation. Despite of having the lowest mean, it still shows that there is enough level of awareness on the fundamentals regarding BIR eFPS.

Accordingly, De Quito (2020) revealed that perceived usefulness and ease of use had a significant impact on the rural solopreneurs' compliance subject to limitations on the level of awareness of the system and the learning curve of the user. The author also states that awareness of tax laws and regulations, the facility readiness or the information and communication technology equipment, the technical knowledge and skills on the information and communication technology, and the data privacy and security of the taxpayers are factors that directly affects perceived usefulness and perceived ease of use of the taxpayers.

In addition, Ma, Gam, and Banning (2017) highlighted that consumers' perceptions of sustainability labels on apparel products and examine sustainability labels as an effective means of determining consumers' purchase intentions, using the technology acceptance model (TAM) as the foundation. They found out that perceived ease of use, perceived usefulness, attitudes, and purchase intention were associated with consumers' use of sustainability labels. They believed that this study is one of the first to use TAM to understand how consumers perceive and use sustainability labels for apparel products. Through this application, label reading behavior is

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viewed similarly to how consumers use new informational sources for their decision-making process.

Table 1.2

Level of Awareness on BIR Electronic Filing and Payment System as assessed by Micro, Small, and Medium Enterprise Proprietors in terms of Perceived Ease of Use

Indicators in terms of Perceived Ease of Use	Micro Enterprise		Micro Enterprise		Micro Enterprise		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
1. Registration could be accomplished online or offline through eFPS or eBIR Forms, respectively.	2.57	A	2.66	A	2.94	A	2.72	A
2. Navigating the electronic filing and payment system without anybody's help can be done..	2.60	A	2.66	A	2.69	A	2.65	A
3. Interactive - information exchange is immediate and online and users get immediate feedback from the system when enrolling, e-filing or performing e-payments	2.54	A	2.54	A	3.23	A	2.77	A
4. Self-validating - errors are minimized because all of the information supplied by the taxpayer is validated before final submission..	2.51	A	2.66	A	3.11	A	2.76	A
5. This is convenient to use. It is quick and simple to use, as well as secure.	2.66	A	2.86	A	3.40	A	2.97	A
GENERAL ASSESSMENT	2.58	A	2.67	A	3.07	A	2.77	A

Legend: 3.25 – 4.00 Fully Aware (FA) 2.50 – 3.24 Aware (A)
1.75 – 2.49 Slightly Aware (SA) 1.00 – 1.74 Not Aware (NA)

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Table 1.2 displays the level of awareness of the BIR Electronic Filing and Payment System as regarded by the proprietors of Micro, Small, and Medium-Sized Enterprises. The general assessment was **2.77** and was verbally interpreted as **Aware**. This indicates that the owners of micro, small, and medium-sized businesses are aware of the BIR electronic filing and payment system and perceive it to be user-friendly.

Furthermore, the indicator "This is convenient to use. It is quick and simple to use, as well as secure" had a computed composite mean of **2.97**, the highest value, which was verbally translated as **Aware**, while the indicator "Navigating the electronic filing and payment system without anybody's help can be done." had the lowest calculated composite mean of **2.65**, and it was interpreted as **Aware**.

The result specified that taxpayers are aware of the BIR Electronic Filing and Payment System in terms of perceived ease of use. The study also made note of the fact that tax returns are prone to errors in writing, computation, and/or writing and paying taxes, and that the manual filing method necessitates that taxpayers comprehend individual income tax regulations. It would be helpful for them to be knowledgeable of the proper utilization of the BIR EFPS to be on hand and mindful of fundamentals. Having the highest mean, convenience affects the perception of the SME proprietors on the advantage of using BIR electronic filing. This is convenient to use. It is quick and simple to use, as well as secure. On the other hand, proprietors can independently navigate the interface since they are aware of the proper utilization of BIR EFPS. Despite having the lowest mean, navigating the electronic filing and payment system without anybody's help can be done still implied a high level of awareness among MSEs proprietors on it.

Particularly, De Quito (2020) indicated that perceived ease of use was a significant determinant to test the acceptance of a person towards new technology. Their research explores the factors that Affect Usefulness, Ease of Use, Trust, and Purchase Intention in the Online Environment. By applying the TAM, they examined the effects of such factors as product information, price, convenience, and perceived product or service quality on perceived usefulness; effects of convenience, perceived product or service quality, and desire to shop without a salesperson on perceived ease of use; effects of perceived ease of use on perceived usefulness; effects of perceived ease of use and usefulness on intentions to shop online; and lastly the effects of trust on purchase intentions.

Moreover, to perceived usefulness, perceived ease of use, and perceived security, Kiring'a et al. (2017) mentioned in their research about the impact of online tax filing on tax compliance among small and medium enterprises (MSE) in Kibwezi Sub-County in Kenya that knowledge of the taxation system, internet familiarity skills and the need for professional assistance for tax

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filing should also be considered to determine the level of awareness of taxpayers about electronic filing systems by relating it to their level of compliance with the said system.

Table 1.3 shows the level of awareness on BIR Electronic Filing and Payment System as assessed by Micro, Small, and Medium Enterprise Proprietors in terms of Perceived Security. The general assessment was **2.51** which was interpreted as **Aware**. This means that the micro, small and medium enterprise proprietors are aware of the BIR electronic filing and payment system in terms of perceived security.

In addition, the indicator "eFPS is securely hosted, protected by security measures such as firewalls, intrusion detection and anti-virus systems to protect against network intrusions and extended downtime periods." had a computed composite mean of **2.63**, which was verbally interpreted as **Aware**, while the indicator "eFPS uses two levels of passwords to access a taxpayer's account while eBIR Forms requires email to be used" had the lowest calculated composite mean of **2.38**, and it was interpreted as **Slightly aware**.

Table 1.3

Level of Awareness on BIR Electronic Filing and Payment System as assessed by Micro, Small, and Medium Enterprise Proprietors in terms of Perceived Security

Indicators in terms of Perceived Security	Micro Enterprise		Micro Enterprise		Micro Enterprise		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
1. Data Privacy Act of 2012 protects human right of privacy..	2.43	SA	2.69	A	2.51	A	2.54	A
2. Familiarity with the penalties for violators such as hackers and piracy listed down by Electronic Commerce Act of 2000 is observed.	2.60	A	2.66	A	2.11	SA	2.46	SA
3. eFPS uses two levels of passwords to access a taxpayer's account while eBIRForms requires email to be used.	2.40	SA	2.51	A	2.23	SA	2.38	SA

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4. Multiple erroneous/malicious attempts to access the taxpayer's account will lock the account.	2.57	A	2.69	A	2.31	SA	2.52	A
5. eFPS is securely hosted, protected by security measures such as firewalls, intrusion detection and anti-virus systems to protect against network intrusions and extended downtime periods.	2.69	A	2.63	A	2.57	A	2.63	A

GENERAL ASSESSMENT	2.54	A	2.63	A	2.35	SA	2.51	A
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Legend: 3.25 – 4.00 Fully Aware (FA) 2.50 – 3.24 Aware (A)
 1.75 – 2.49 Slightly Aware (SA) 1.00 – 1.74 Not Aware (NA)

The result above implies that most of the MSE proprietors are aware of BIR EFPS in terms of Perceived Security. Being aware of the level of security, that this system could provide to the business, enables the proprietor to be more confident and eliminate doubts in navigating the system. They are aware that eFPS uses two levels of passwords to access a taxpayer's account while eBIR Forms requires an email to be used. However, they are just slightly aware that eFPS is securely hosted, and protected by security measures such as firewalls, intrusion detection, and anti-virus systems to protect against network intrusions and extended downtime periods. It implies the establishment of trust, security, and privacy, including cybersecurity.

To support, Patnaik et al. (2019) and De Castro et al. (2019) identified the most significant challenges for the development of e-taxation. In response, and accordance with the E-Government Master Plan, various acts, such as Republic Acts 10844, 8792, and 10173, have established measures to establish trust, security, and privacy, which include cybersecurity measures to strengthen public trust and promote the use of ICTs, as well as assisting in the promotion and implementation of ICT programs.

In addition to that, Zhang, Luximon, and Song (2019) defined perceived security as a psychological concept and the perceived extent to which one can transmit sensitive information securely over the web. In the context of mobile payment, perceived security can be defined as the degree to which mobile payment users believe that transactions on mobile payment platforms are secure in terms of both financial and personal information aspects. As perceived security plays

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 a vital in users' behaviors related to technology, many efforts have been made to explore the influential factors of perceived security. For example, some researchers identified the cognitive determinants of perceived security through cognitive aspects, including perceived controllability, perceived confidentiality, perceived availability, and perceived non-repudiation.

Table 1.4

Level of Awareness on BIR Electronic Filing and Payment System as assessed by Micro, Small, and Medium Enterprise Proprietors in terms of Knowledge of Taxation System

Indicators in terms of Knowledge of taxation system	Micro Enterprise		Micro Enterprise		Micro Enterprise		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
1. R.A. 8792 or Electronic Commerce Act of 2000 is a law to promote the universal use of electronic transactions in the government and public	2.69	A	2.40	SA	2.23	SA	2.44	SA
2. It has been mandated to all taxpayers wishing to do business in the Philippines to use paperless mode of electronic BIR filing and payment system.	2.94	A	2.51	A	2.31	SA	2.59	A
3. There are existing procedures on how to properly use electronic BIR filing and payment systems.	2.91	A	2.80	A	2.97	A	2.89	A
4. The System will generate a filling reference and payment confirmation as proof of successful tax filing and payment transaction through registered email after every transaction.	2.69	A	2.66	A	3.34	FA	2.90	A

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and be able to comply with the tax obligations. The online tax filing process should be simplified with clear instructions and guidelines provided on the website and the system server should be upgraded to reduce on the system downtimes experienced.

The same is true for the Philippine system; however, when the owner is actively involved in every aspect of the business, including production, marketing, and bookkeeping, compliance costs may be high for small businesses. Because hiring an accountant may be too expensive for a SME, keeping records for tax purposes may take up a significant amount of the businessman's time.

Table 1.5

Level of Awareness on BIR Electronic Filing and Payment System as assessed by Micro, Small, and Medium Enterprise Proprietors in terms of Internet Familiarity Skills

Indicators in terms of Internet familiarity skills	Micro Enterprise		Micro Enterprise		Micro Enterprise		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
1. Basic knowledge on using computers is required.	2.66	A	2.80	A	3.14	A	2.87	A
2. Knowledge on surfing the internet is required.	2.69	A	2.74	A	2.86	A	2.76	A
3. Passwords and usernames are necessary.	2.69	A	2.91	A	3.17	A	2.92	A
4. Email account is a requirement.	2.80	A	2.86	A	3.23	A	2.96	A
5. Familiarity of required tax returns and forms (vat, income tax, etc.) to be filed is a necessity.	2.83	A	2.83	A	2.43	A	2.70	A
GENERAL ASSESSMENT	2.73	A	2.83	A	2.97	A	2.84	A

Legend: 3.25 – 4.00 Fully Aware (FA) 2.50 – 3.24 Aware (A)
 1.75 – 2.49 Slightly Aware (SA) 1.00 – 1.74 Not Aware (NA)

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Table 1.5 illustrates the level of awareness on BIR Electronic Filing and Payment System as assessed by Micro, Small, and Medium Enterprise Proprietors in terms of Internet familiarity skills. The general assessment was **2.84** which was interpreted as **Aware**. This means that the micro, small and medium enterprise proprietors are aware of the BIR electronic filing and payment system in terms of knowledge of taxation.

Furthermore, the indicator "Email account is a requirement." had a computed composite mean of **2.96**, the highest value, which was verbally translated as **Aware**, while the indicator "Familiarity of required tax returns and forms (vat, income tax, etc.) to be filed is a necessity" had the lowest computed composite mean of **2.70** and was verbally interpreted as **Aware**.

The results showed that Micro, Small, and Medium Enterprise Proprietors had a high level of Internet familiarity skills and were aware of the BIR Electronic Filing and Payment System. It implied that the technological skills of the interface users are enough for them to be able to explore and navigate the BIR EFPS. MSEs proprietors are aware on the email requirement of the system. Moreover, they are also aware on the required tax returns and forms (vat, income tax, etc.) to be filed. These business owners worry that computer bugs and internet problems, especially when deadlines are approaching, will cause them unneeded trouble.

This was supported by OECD (2017) which stated that experience from many economies suggests that implementing systems of electronic filing can present many challenges for revenue bodies, particularly those with limited ICT experience. For example, there are times when employees are slow to adopt new technologies. Even after several years, the system's facilities may remain unused. This can be due to a lack of management buy-in before implementation, lack of involvement of staff in early trial runs, and a multi-layered decision-making structure leading to a lack of clear vision on the goals of the ICT program. Such a failure creates doubts about ICT systems in the minds of staff and has a cascading effect on the implementation of future ICT programs.

In addition, Official Gazette of the Philippine (2012) published the State recognition of the vital role of information and communications technology in nation-building and its inherent obligation to ensure that personal information in information and communications systems in the government and in the private sector are secured and protected. Republic Act No. 10173 also known as the Data Privacy Act of 2012 was enacted to protect the fundamental human right of privacy of communication while ensuring free flow of information to promote innovation and growth.

Table 1.6 shows the level of awareness on BIR Electronic Filing and Payment System as assessed by Micro, Small, and Medium Enterprise Proprietors in terms of Professional's Assistance.

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The general assessment was **2.46** which was interpreted as **Slightly Aware**. This means that the micro, small and medium enterprise proprietors are slightly aware of the BIR electronic filing and payment system in terms of knowledge of taxation.

Furthermore, the indicator "In-house tax filers/professionals are present in the business" had a calculated composite mean of **2.57**, the highest value, which was verbally interpreted as **Aware**, while the indicator "I can accurately determine tax obligations on time using the online tax system" gained the lowest calculated composite mean of **2.33**, and it was verbally interpreted as **Slightly Aware**.

Table 1.6

Level of Awareness on BIR Electronic Filing and Payment System as assessed by Micro, Small, and Medium Enterprise Proprietors in terms of Professional's Assistance

Indicators in terms of Professional's Assistance	Micro Enterprise		Micro Enterprise		Micro Enterprise		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
1. I am aware of the tax requirements that are needed in my business.	2.66	A	2.46	SA	2.00	SA	2.37	SA
2. I can accurately determine tax obligations on time using the online tax system.	2.69	A	2.54	A	1.77	SA	2.33	SA
3. I can accurately file returns on time using the online tax system..	3.00	A	2.57	A	1.91	SA	2.49	SA
4. In-house tax filers/professionals are present in the business.	2.77	A	2.43	SA	2.51	A	2.57	A
5. I do not need to procure external professional help to comply with tax requirements.	2.66	A	2.63	A	2.29	SA	2.53	A
GENERAL ASSESSMENT	2.75	A	2.53	A	2.10	SA	2.46	SA

Legend: 3.25 – 4.00 Fully Aware (FA) 2.50 – 3.24 Aware (A)

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1.75 – 2.49 Slightly Aware (SA)

1.00 – 1.74 Not Aware (NA)

The result above showed an average level of knowledge about the BIR Electronic Filing and Payment System, according to assessments of Internet familiarity by owners of Micro, Small, and Medium-Sized Enterprises (MSME). As a result, the findings suggested that the owners are only dimly aware of the professionals' assistance in utilizing BIR EFPS. To be more specific, most of the proprietors are aware that in-house tax filers/professionals are present in the business. These professionals assisted them in filing their taxes using the system, as well as paying them through the online banking method. On the other hand, most of them are just slightly aware to accurately determine tax obligations on time using the online tax system. These are the common factors why there are delays in tax filing that cause them to be penalized and pay surcharges.

To support, Kiring'a et al. (2017) mentioned in their research about the impact of online tax filing on tax compliance among small and medium enterprises (MSE) in Kibwezi Sub-County in Kenya that knowledge of the taxation system, internet familiarity skills and the need for professional assistance for tax filing should also be considered to determine the level of awareness of taxpayers about electronic filing systems by relating it to their level of compliance with the said system.

In addition to that, Gualu (2018) stated that the level of professional's assistance together with knowledge of taxation and internet familiarity are also factors that affect taxpayers' acceptance of a new taxation system. The author emphasized that the more one has technical skills in filing tax returns would lead to increased tax compliance.

As shown in Table 2, the generated computed probability values of Perceived Usefulness, Perceived Security, Knowledge of Taxation System, and Internet Familiarity Skills were .938, .166, .405, and .104 which exceeded the 0.05 level of significance; the null hypothesis was therefore accepted. The outcome revealed that there were no appreciable differences in the three groups of respondents' responses regarding their level of familiarity with the BIR electronic filing and payment system.

The perception of the degree of awareness of the BIR electronic filing and payment system by Micro, Small, and Medium Enterprise Proprietors is comparable in terms of perceived usefulness, perceived security, knowledge of the tax system, and internet proficiency skills.

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Table 2

Test of Significant Difference on the Assessments of Micro, Small, and Medium Enterprise Proprietors on the Level of Awareness on BIR Electronic Filing and Payment System

		Sum of square	df	Mean square	F Ratio	Sig.	Remarks	Decision
Perceived Usefulness	Between Groups	.037	2	.019	.064	.938	Not Significant	Accept H ₀
	Within Groups	29.618	102	.290				
	Total	29.656	104					
Perceived ease of use	Between Groups	4.860	2	2.430	8.028	.001	Significant	Reject H ₀
	Within Groups	30.875	102	.303				
	Total	35.736	104					
Perceived Security	Between Groups	1.477	2	.739	1.827	.166	Not Significant	Accept H ₀
	Within Groups	41.248	102	.404				
	Total	42.725	104					
Knowledge of Taxation System	Between Groups	.496	2	.248	.911	.405	Not Significant	Accept H ₀
	Within Groups	27.765	102	.272				
	Total	28.261	104					
Internet Familiarity Skills	Between Groups	.970	2	.485	2.311	.104	Not Significant	Accept H ₀
	Within Groups	21.406	102	.210				
	Total	22.376	104					
Professional's assistance	Between Groups	7.790	2	3.895	13.40	.000	Significant	Reject H ₀
	Within Groups	29.643	102	.291	3			
	Total	37.434	104					

Level of significance 0.05

The null hypothesis was rejected because the generated computed probability values for Professional assistance and perceived ease of use were .001 and .000, respectively, which were less than the level of significance of 0.05. As a result, the three groups of respondents' responses differed significantly from one another.

In terms of perceived ease of use and professional assistance, it can be concluded that Micro, Small, and Medium Enterprise Proprietors comprehend the level of consciousness on the BIR electronic filing and payment system differently.

Damghanian, Zarei, and Kojuri (2016) explained the relationship between perceived security and acceptance of online banking in Iranian customers, with the mediating effect of perceived risk and trust in internet banking. According to their findings, the variables of perceived security and trust in internet banking had a significant positive impact on online banking acceptance. Although acceptance of online banking was unaffected by perceived risk, the findings

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revealed that perceived risk had a significantly negative impact on trust in Internet banking. Simply put, perceived security has a positive impact on trust and acceptance of online banking. However, this does not imply that risk in online banking also has a significant positive impact on trust in Internet banking.

Table 3 shows the level of challenges encountered in using the BIR electronic filing and payment system as assessed by Micro, Small, and Medium Enterprise Proprietors. The general assessment was 2.81 which was interpreted as **Serious**. This means the challenges being encountered by micro, small and medium enterprise proprietors in using the BIR electronic and filing system are serious.

Furthermore, the indicator "Frequent downtime of the BIR website, particularly when the deadline is approaching." had the highest computed composite mean of 3.15 which was verbally interpreted as **Serious** while the indicator "Costly hardware/computer facility" has the lowest calculated composite mean of 2.56, and it was verbally interpreted as **Serious**.

Table 3

Level of Challenges Encountered in using the BIR Electronic Filing and Payment System

Indicators in terms of Challenges Encountered	Micro Enterprise		Micro Enterprise		Micro Enterprise		Composite	
	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI	\bar{X}	VI
	1. Government information drives tax updates and new rulings not reaching me.	2.94	S	2.63	S	2.46	S	2.68
2. Difficulty to access and process data due to lack of training	2.83	S	2.77	S	2.43	S	2.68	S
3. Potential loss of data through software, electrical, human failure	2.69	S	2.74	S	3.46	VS	2.96	S
4. Frequent downtime of the BIR website, particularly when the deadline is approaching.	2.77	S	2.97	S	3.71	VS	3.15	S

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5. Retrieving passwords due to error in log-in delays the filing and payment process	2.77	S	2.69	S	3.43	VS	2.96	S
6. Wrong inputs producing wrong outputs	2.71	S	2.86	S	3.14	S	2.90	S
7. Costly hardware/computer facility	2.77	S	2.94	S	1.97	SS	2.56	S
8. Hard to understand terminologies in taxation	2.71	S	2.77	S	2.77	S	2.75	S
9. Does not understand the tax code and Taxpayer relies on the system	2.63	S	2.77	S	2.94	S	2.78	S
10. Lack of guidelines in using the system	2.66	S	2.71	S	2.60	S	2.66	S
GENERAL ASSESSMENT	2.75	S	2.79	S	2.89	S	2.81	S

Legend: 3.25 – 4.00 Fully Aware (FA) 2.50 – 3.24 Aware (A)
1.75 – 2.49 Slightly Aware (SA) 1.00 – 1.74 Not Aware (NA)

The result above implies the serious challenges that MSE proprietors encounter in navigating BIR electronic filing and payment system. One of the serious challenges, which represents the highest mean, is frequent downtime of the BIR website, particularly when the deadline is approaching. Moreover, another challenge, which represents the lowest mean, is costly hardware/computer facility. Despite of having the lowest mean, it still causes a serious impact on the business' usage of the system.

To explain further, the result implies that respondents have usual dilemmas on human errors of manual encoding of information to the system for system processing which definitely if wrongly done will produce wrong outputs. This can be connected to the needs of proper education and training regarding taxation to increase awareness level and effectiveness. Based on these, it can be summarized those rural solopreneurs require a more extensive and more appealing mode of information dissemination from the tax authorities.

According to De Quito (2020), solopreneurs of Candelaria Quezon, San Juan Batangas, and Liliw Laguna encountered serious challenges using the BIR electronic filing and payment systems. Wrong inputs produce wrong outputs has the highest mean and interpreted as Serious. On the other hand, the least rank is the government information drives of tax updates and new rulings did not reach me, as well as retrieving passwords due to error in log-in delays the filing

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and payment process have the least mean, interpreted also as Serious. In addition to those three, De Quito also mentioned difficulty to access and process data due to lack of training, potential data loss due to software, electrical, or human error, frequent downtime of BIR website, particularly when deadline is approaching, costly hardware/computer facility, hard to understand terminologies in taxation and illiteracy about the tax code and taxpayer' dependence on the system.

Table 4

Test of Significant Difference on the Assessments of Micro, Small, and Medium Enterprise Proprietors on Level of Challenges Encountered in Using the BIR Electronic Filing and Payment System

		Sum of squares	df	Mean square	F Ratio	Sig .	Remarks	Decision
Challenges Encountered	Between Groups	.362	2	.181	1.60	.206	Not Significant	Accept H ₀
	Within Groups	11.51	10	.113	3	6		
	Total	2	2					
		11.87	10					
		4	4					

Level of significance 0.05

Table 4 illustrates the significant difference of level of challenges encountered in using the BIR electronic filing and payment system as assessed by micro, small and medium enterprises proprietors. According to the results at the .206 level of significance, there was no discernible difference between the difficulties that the groups experienced when using BIR eFPS.

This is supported by De Quito (2020) who discussed that solopreneurs encountered serious challenges using the BIR electronic filing and payment systems regardless of their asset size. The level of professional's assistance together with knowledge of taxation and internet familiarity are factors that affect taxpayer's acceptance of a new taxation system. These factors lead to challenges encountered by these proprietors. This implies that taxpayers without enough knowledge of the taxation system, experience in filing tax returns using this online system will experience challenges because of the aforementioned factors and not on the level of their assets

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or size of their capital. The study infers that the technical skill of filing a return is a factor that influences tax compliance.

Table 5

Test of Significant Relationship between the Level of Awareness on BIR Electronic Filing and Payment System as assessed by Micro, Small, and Medium Enterprise Proprietors and Level of Challenges Encountered

Level of Awareness	Challenges Encountered	r value	P value	Decision	Remarks
Perceived Usefulness	Challenges Encountered	-.091	.215	Accept H ₀	Not Significant
Perceived ease of use		-.285*	.011	Reject H ₀	Significant
Perceived Security		-.231*	.021	Reject H ₀	Significant
Knowledge of Taxation System		.004	.953	Accept H ₀	Not Significant
Internet Familiarity Skills		-.061	.404	Accept H ₀	Not Significant
Professional's assistance		.084	.250	Accept H ₀	Not Significant

**Correlational at the level 0.01

*Correlational at the level 0.05(Two-tailed)

The null hypothesis was rejected because the computed probability values were less than the level of significance (P0.05) and the variables "perceived ease of use" and "perceived security" were interpreted as having a low negative correlation between the level of awareness of the BIR electronic filing and payment system and "level of challenges encountered." The result shows that there was a significant relationship between perceived ease of use and perceived security to the challenges. On the other hand, perceived usefulness, Knowledge of the Taxation System, Internet Familiarity Skills and Professional's assistance did not show a significant relationship to the challenges.

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It can be said that the perceived security and ease of use of the BIR electronic filing and payment system, in particular, have a significant inverse relationship with the level of difficulties encountered when using it. The likelihood of running into problems while using the BIR electronic filing and payment system decreases with increased awareness of it. The result above was supported by the study of Damghanian et al. (2016) mentioned that variables, perceived security, and trust, have a significant positive impact with the acceptance of online banking. Moreover, results showed that perceived risk has a significant negative impact with trust in Internet banking. Hence, trust and acceptance have a positive impact with perceived security. However, this does not mean that risk must also has a significant positive impact with trust in Internet banking.

Moreover, Kiring'a et al. (2017) proposed a framework that incorporates the significant effects of taxpayers' perception towards online tax filing and technical skills of filing the tax returns which is significant on tax compliance. The perceived benefits will also play a big role in encouraging people to learn about taxes.

Additionally, Saravanan et al. (2017) and Patnaik et al. (2019) both highlighted the advantages of using electronic systems over traditional systems for tax revenue authorities and taxpayers. Despite the fact that benefits can be seen, the user's learning curve will still be a factor.

Moreover, De Quito (2020) mentioned that taxpayers have usual dilemmas on human errors of manual encoding of information to the system for system processing which definitely if wrongly done will produce wrong outputs. This can be connected to the needs of proper education and training regarding taxation to increase awareness level and effectiveness.

CONCLUSIONS

Most of the micro, small, and medium enterprise proprietors are aware on the BIR electronic filing and payment system, its usefulness, ease of usage, security and the taxation system. BIR electronic filing system is one of the ways of the government to help proprietors to easily file and pay their taxes. With the help of different BIR branches, they have collective efforts to increase the level of awareness by promoting the system to MSMEs. There are numerous advantages in using BIR eFPS including the connected expenses of embracing such frameworks are exhibited to and seen by solopreneurs in rustic regions and areas.

In addition, micro, small, and medium enterprise proprietors are aware of the information security and protection related with the BIR automated recording stages declared by a contributed exertion from the public authority and private enterprises in guaranteeing the security of

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administrations gave carefully. Their knowledge of the BIR electronic filing and payment system is influenced by their skills and familiarity with technology and taxation, regardless of the size or level of their assets.

Moreover, there are serious challenges that these proprietors experienced in exploring BIR eFPS. Notwithstanding having the most reduced mean, it causes a genuine effect on the business use of the system. This can be associated with the necessities of legitimate instruction and preparation regarding tax assessment to build mindfulness level and viability.

Hence, the aforementioned challenges are being encountered by these proprietors regardless of their asset size or level. The level of professional's assistance together with knowledge of taxation and internet familiarity are factors that affect taxpayer's acceptance of a new taxation system. These factors lead to challenges encountered by these proprietors. This implies that taxpayers without enough knowledge of the taxation system, experience in filing tax returns using this online system will experience challenges because of the aforementioned factors and not on the level of their assets or size of their capital.

The level of awareness by micro, small and medium enterprise proprietors shows a significant relationship to the level of challenges encountered by them. The responders are faced with the normal challenges of human mistakes in manual entering of information into the system for system processing, which, if done incorrectly, would undoubtedly result in incorrect outputs. This can be linked to the requirement for adequate taxes education and training in order to raise awareness and effectiveness.

In generalization, the proposed enhancement program is a necessary and useful tool in improving the awareness and compliance of micro, small, and medium Enterprises proprietors with the BIR filing and payment systems.

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