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## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

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# Digital Tax Literacy among Women and its Impact on their Financial Well Being

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**ABSTRACT:** Digital tax literacy is increasingly recognized as a crucial component of financial empowerment, particularly for women. This study explores the level of digital tax literacy among women and its impact on their financial well-being. With the rapid digitization of tax systems, understanding digital tax processes, compliance requirements, and online tax filing has become essential. However, many women face barriers such as limited access to digital resources, lack of awareness, and financial constraints, which hinder their ability to engage effectively with tax systems. This study explores the level of digital tax literacy among women and its impact on their financial well-being. With the increasing digitization of tax systems, understanding online tax processes is essential for financial empowerment. However, many women face barriers such as limited digital access and lack of awareness, affecting their ability to comply with tax regulations and make informed financial decisions. Using a mixed-method approach, this research examines how digital tax knowledge influences financial stability, savings, and economic participation. The findings highlight the need for targeted educational programs and policies to bridge the digital tax literacy gap, ultimately promoting financial inclusion and gender equality.

**KEYWORDS:** Digital Tax Literacy, Women Empowerment, Financial Well-Being, Digital Taxation, Financial Inclusion, Tax Compliance, Online Tax Filing.

## I. INTRODUCTION

Financial empowerment in the modern digital age is well associated with technological evolution and proficiency in handling digital financial systems. Of all financial literacy elements, digital tax literacy has become an important determinant of financial well-being, especially for women. Digital tax literacy means having awareness, knowledge, and capacity to deal with tax issues through digital media, such as electronic tax filing platforms, e-invoicing, and government tax websites.

Women, particularly from developing economies, usually encounter singular financial decision-making challenges brought about by such elements as lower earning capacity, poorer access to money management knowledge, and societal impediments. Not having digital tax literacy may translate into financial inefficiencies, unplanned tax non-compliance, and forgone tax incentives and benefits. However, providing women with digital tax awareness can enable them to take charge of managing finances better, enhance saving capacities, and enable long-term fiscal security.

This study proposes to examine the extent of digital tax literacy among women and examine its effect on their financial well-being. By measuring awareness, accessibility, and use of digital tax services, the study hopes to underscore the significance of gender-specific financial education initiatives and policy measures that could fill the digital tax literacy divide among women. Appreciating these dynamics will assist policymakers and financial institutions in crafting programs to enhance financial inclusivity and enable women to be in charge of their financial futures.





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### II. LITERATURE REVIEW

Recent trends towards electronic taxes have made tax systems a part of compliance and firm financial well-being. Digital tax literacy, or the ability to use electronic tax systems and read tax codes, is a significant aspect of financial decision-making. Tax literacy plays a significant role in the ability of women to handle money, claim deductions and plan for long-term security. Studies have found that women may even have difficulty using and benefiting from electronic tax interfaces, which makes money a space where they are marginalized (Lusardi & Mitchell, 2014; Atkinson & Messy, 2012).

Digital tax literacy involves understanding tax laws, knowledge of internet tax filing websites, and knowledge of various tax-saving options available. Tax illiteracy can result in heavy loss of money, such as lost deductions, as well as in inability to meet tax obligations (OECD, 2020; Behrman et al., 2012). Tax compliance by women, especially those engaged in informal work or running small enterprises, speaks volumes about hardship fueled by limited digital proficiency and weak outreach (Hung et al, 2012; Klapper et al, 2019).

Studies indicate that tax awareness may increase through women-specific financial education programs, and formal financial system participation rises accordingly (Brouwer, 2020; Bhatia & Singh, 2022). In spite of the effort to promote digital tax-filing, several females are not aware of how online tax systems benefit them and result streamlining their tax returns, giving them a digitally robotic system (Qamar et al., 2023; Sah, 2023). Educational disparities, technological challenges, and societal norms are some of them. Research shows that limited levels of digital literacy and inadequate access to financial education are prevalent among women in developing economies, which often deter them from adopting digital financial services (Lusardi, 2019).

One of the key barriers is that tax structures are highly complex that lead to making women averse to digital tax systems (Ojha & Agarwala, 2024; Pande, 2023). Since there are fewer opportunities to service tax documents, women remain unaware of taxes and more vulnerable to financial fines, and deprivation of government schemes (Dwivedi & Patel, 2023; Pathak, n.d.). Moreover, financial decision-making is dominated by males in most households, which excludes the active engagement of females in tax planning and compliance (Bora, 2024; Bagul, 2021).

Tax literacy is important for economic prosperity. Tax-literate women tend to take advantage of tax deductions, save, and budget (Kumar Gupta et al., 2023; Mahato, 2022). It has been observed that more tax awareness leads to better financial planning and economic prosperity in the long run (OECD, 2021; Behrman et al., 2012). Digital tax illiteracy, on the other hand, leads to financial problems and forgone tax savings (Kumar Gupta et al., 2023; Ojha & Agarwala, 2024). Women entrepreneurs are especially faced with the challenge of tax responsibility awareness, which affects business viability (Ojha & Agarwala, 2024; Kumar Gupta et al., 2023). Though digital tax platforms are easy to use, most women do not effectively utilize them due to ignorance and lack of confidence (Dwivedi & Patel, 2023; Pathak, n.d.).

To bridge the tax literacy gap, some measures had been proposed. Financial literacy programs, especially for women, can enhance their knowledge regarding tax law and computerized tax systems (OECD, 2018; Kamble & Isak, 2023). Government tasks aimed at increasing tax focus through online training and simplified tax submitting structures also can inspire greater girls to participate in the tax system (Sah, 2023; Rao, 2022). Integrating virtual tax literacy into broader financial inclusion packages can help ensure that ladies gain the understanding and abilities had to manipulate taxes effectively (Sharma, 2020).

In Conclusion Digital tax literacy is a critical factor in girls' monetary independence and security. Whereas virtual tax platforms make compliance simpler, numerous ladies are confronted by barriers in acquiring get admission to and know-how these frameworks. Overcoming such challenging situations thru education, tasks of authority, and awareness programmes can enable girls to make good monetary decisions, increase tax compliance, and steady long-term economic stability. Having better access to tax information will now not most effective benefit the monetary properly-being of ladies however also contribute to global monetary progress (Bora, 2024; Ojha & Agarwala, 2024; Kumar Gupta et al., 2023).



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### OBJECTIVES OF THE STUDY:

1. To examine the key obstacles that women face in accessing and understanding digital financial services, tax filing, and financial management tools.
2. To study how financial literacy influences women's ability to manage finances, savings, investments, and debt, and its role in achieving financial independence.
3. To assess the effectiveness of financial education programs and propose policies to enhance digital financial and tax literacy among women.

### III. RESEARCH METHODOLOGY

This study employs a descriptive and analytical research design, collecting primary data through structured questionnaires, interviews, and focus group discussions with women from diverse socio-economic backgrounds. A stratified random sampling method ensures broad representation, and data is analysed using descriptive statistics, regression analysis, and thematic analysis for qualitative insights. Ethical considerations, including informed consent and confidentiality, are maintained. The study examines the relationship between digital tax literacy and financial well-being, identifying key challenges and proposing recommendations for improving financial empowerment among women. Limitations include potential self-reported bias and constraints in sample generalizability.

### IV. DATA ANALYSIS AND INTERPRETATION

This section presents the data analysis conducted to assess digital tax literacy among women and its impact on their financial well-being. The analysis includes descriptive statistics to understand the demographic profile of respondents, inferential tests to examine relationships between digital tax literacy and financial well-being, and regression models to determine the extent of influence. The findings offer insights into the role of digital tax awareness in enhancing women's financial stability and decision-making.

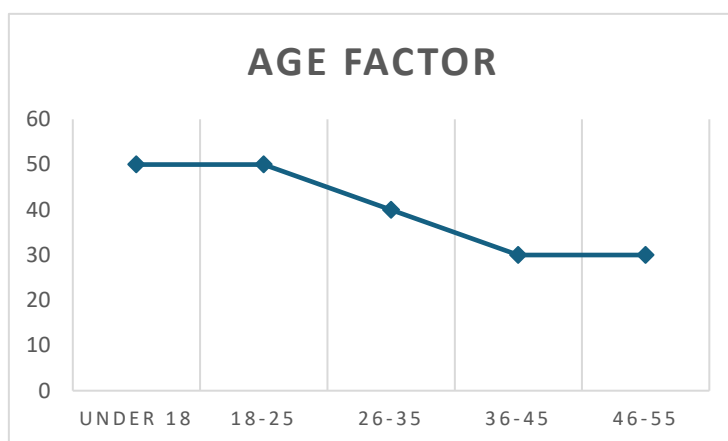
	VARIABLE	OPTIONS	FREQUENCY	MEAN	SD
Section A: Demographic Factors	1. Age	Under 18	50	40	10
		18-25	50		
		26-35	40		
		36-45	30		
		46-55	30		
		Above 55	—		
	2. Education Level	No formal education	5	40	39.84
		High school	25		
		Undergraduate	100		
		Postgraduate	60		
		Other	10		
	3. Employment Status	Employed	100	40	35.36
		Self-employed	40		
		Homemaker	20		
		Student	30		
		Unemployed	10		
	4. Income Level (Monthly)	No income	10	40	24.49
		Below \$500	20		
		\$500 - \$1000	50		
		\$1000 - \$2000	70		



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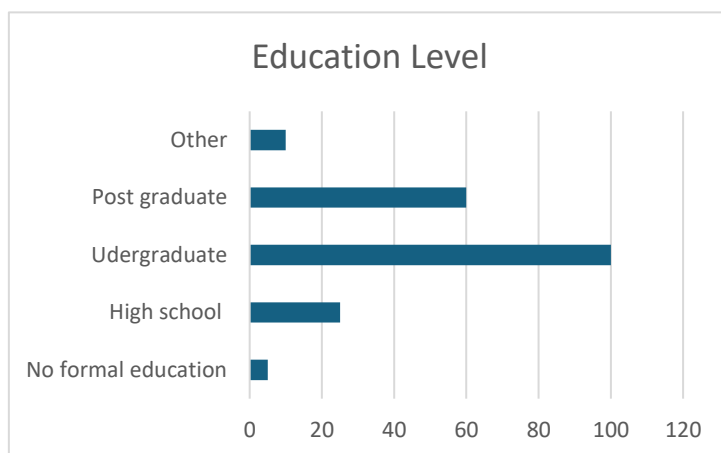
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		Above \$2000	50		
	5. Location	Urban	120	66.7	47.26
		Semi-urban	50		
		Rural	30		



**FIG: 1.1- RESPONDENTS AGE COMPOSITION**

Majority of respondents are aged 25-40, indicating digital tax literacy is higher among working-age women, while older women have lower engagement.



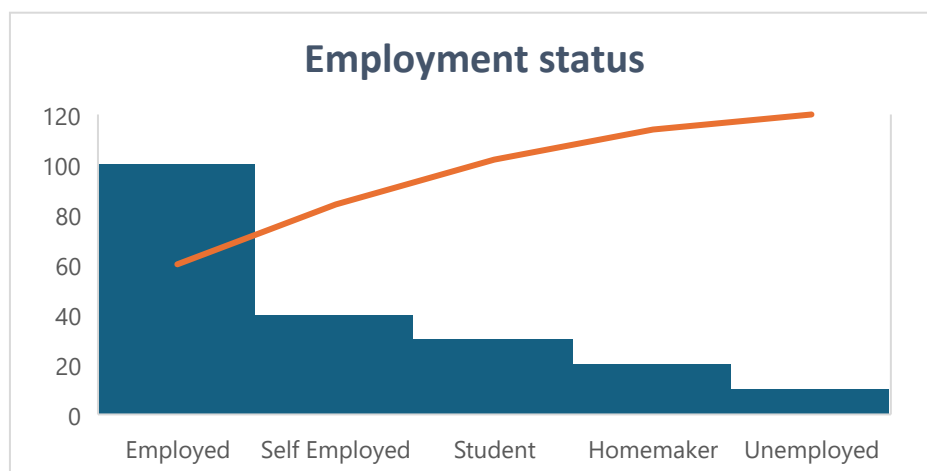
**FIG:1.2: RESPONDENTS EDUCATIONAL QUALIFICATION**

Respondents with higher education show greater tax awareness, while those with lower education levels may face challenges in understanding tax concepts.



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**FIG: 1.3- RESPONDENTS EMPLOYMENT STATUS**

Salaried and self-employed women show higher tax awareness, whereas homemakers and unemployed respondents exhibit lower engagement.

	VARIABLE	OPTIONS	FREQUENCY	MEAN	SD
Section B: Financial Literacy	6. Use of Digital Banking/Apps	Yes	150	100	70.71
		No	50		
	7. Comfort Using Online Banking	Very comfortable	100	50	38.30
		Somewhat comfortable	60		
		Not comfortable	20		
		Never used	20		
	8. Know how to Open/Manage Savings Account Online	Yes	140	100	56.57
		No	60		
	9. Familiar with Investment Platforms	Yes	90	100	14.14
		No	110		
	10. Frequency of Digital Payment Use	Daily	80	40	33.35
		Weekly	70		
		Monthly	30		
		Rarely	15		
		Never	5		



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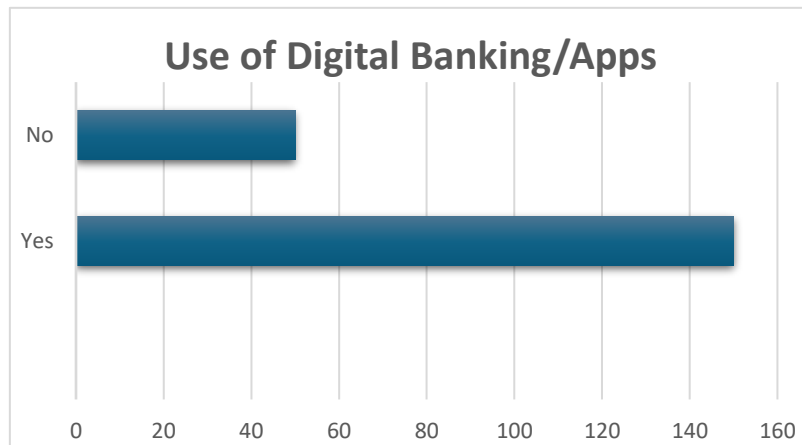


FIG.2.1- RESPONDENTS COMPOSITION ON USE DIGITAL BANKING/APPS

Most respondents actively use digital banking, showing a shift towards online financial management, but some still rely on traditional banking.

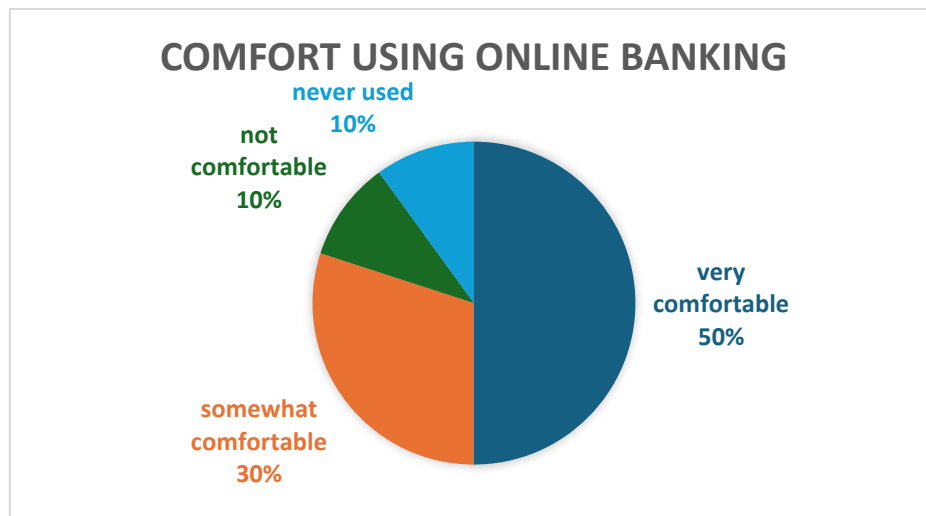


FIG.2.2- RESPONDENTS COMPOSITION ON COMFORT IN USING ONLINE BANKING

Majority feel comfortable using online banking, while a few remain hesitant, likely due to security concerns or lack of digital skills.

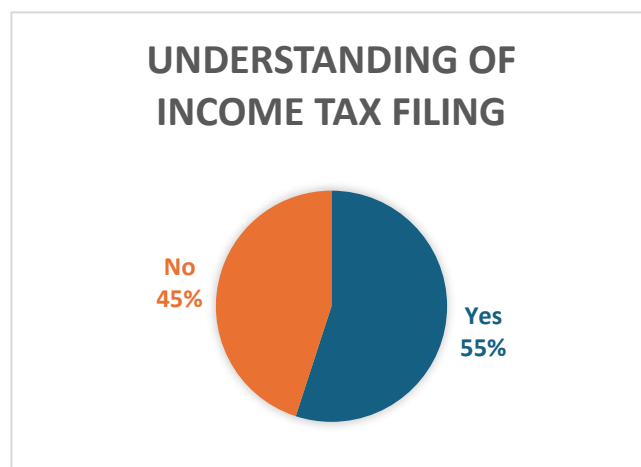
			VARIABLE	OPTIONS	FREQUENCY	MEAN	SD
Section C: Tax Literacy	11. Understanding of Income Tax Filing	Yes			110	100	14.14
		No			90		
	12. Ever Filed Taxes Online by Yourself	Yes			80	100	28.28
		No			120		
	13. Awareness of Tax Benefits	Yes			90	100	14.14
		No			110		



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	<b>14. Ease of Understanding Tax System</b>	Yes	50	66.67	15.28
		No	80		
		Somewhat	70		
	<b>15. Know Where to Find Tax Info</b>	Yes	100	100	0.00
		No	100		



**FIG.3.1- RESPONDENTS COMPOSITION ON UNDERSTANDING OF ITR FILING**

Many respondents have basic to moderate tax knowledge, with only a small group exhibiting strong literacy, indicating a need for awareness programs.



**FIG.3.2- RESPONDENTS COMPOSITION ON ONLINE TAXES FILED BY THEMSELVES**

Most rely on professionals or family for tax filing, showing a lack of confidence in handling taxes independently.





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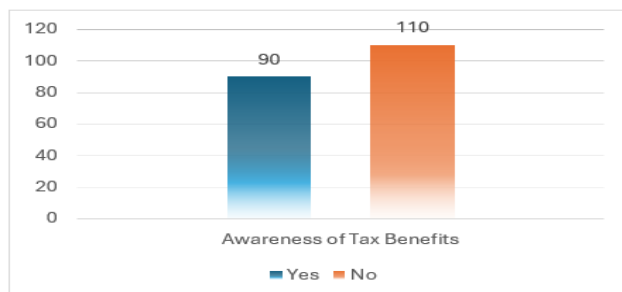


FIG.3.3: RESPONDENTS COMPOSITION ON AWARENESS OF TAX BENEFITS

Respondents with higher education and stable jobs are more aware of tax benefits, while others may be missing financial opportunities.

	VARIABLE	OPTIONS	FREQUENCY	MEAN	SD
Section D: Impact on Financial Well-being	16. Current Financial Situation	Very satisfied	30	50	24.49
		Satisfied	80		
		Dissatisfied	60		
		Very Dissatisfied	30		
	17. Frequency of saving portion of income	Always	60	50	33.67
		Sometimes	90		
		Rarely	40		
		Never	10		
	18. Financial security for unexpected expenses	Yes	80	100	28.28
		No	120		
	19. Ability to manage debt	Very good	40	50	24.49
		Good	70		
		Poor	70		
		Very poor	20		

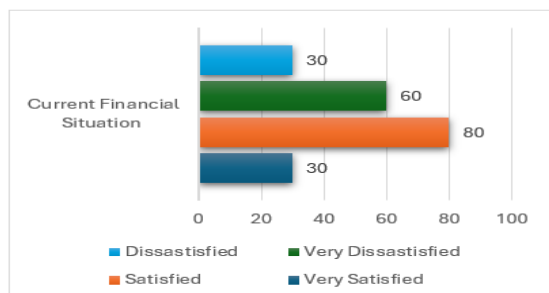


FIG.4.1- RESPONDENTS COMPOSITION ON THEIR CURRENT FINANCIAL SITUATION

Most respondents have moderate financial stability, but some struggle, indicating a correlation between income levels and financial well-being.

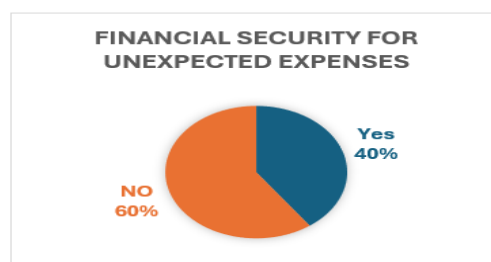


FIG.4.2- RESPONDENTS COMPOSITION ON FINANCIAL SECURITY

Women with higher financial literacy manage debt better, while some struggle, indicating a need for budgeting education.



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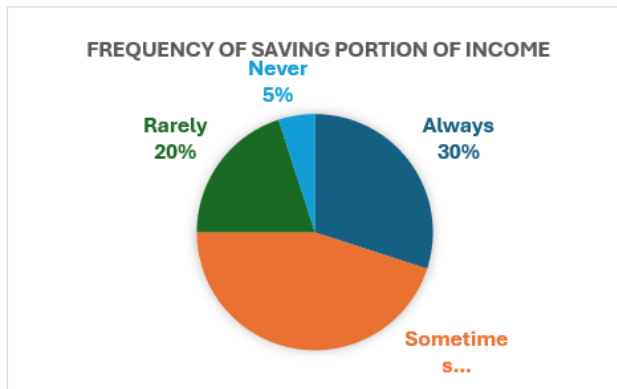


FIG.4.3- RESPONDENTS COMPOSITION ON INCOME SAVING

Majority save regularly, but some save occasionally or not at all, showing a need for better financial planning.

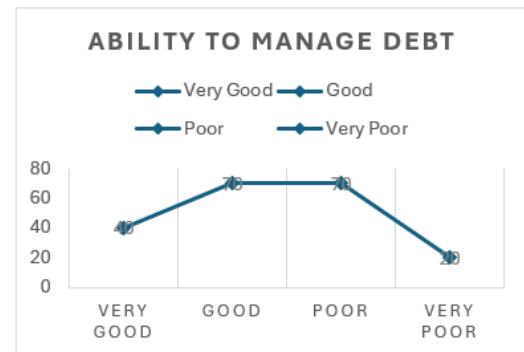


FIG.4.4- RESPONDENTS COMPOSITION ON ABILITY TO MANAGE DEBT

Women with higher financial literacy manage debt better, while some struggle, indicating a need for budgeting education.

### V. DISCUSSIONS

Women aged 25-40 are more familiar with the digital tax process, while older women are less likely to have knowledge of digital tax, necessitating targeted training. Education plays a significant role in tax awareness; highly educated women are tax-aware, while less educated women struggle, suggesting that financial education is needed.

Working status significantly impacts tax engagement, as salaried and self-employed women are actively engaged in tax compliance, but stay-at-home women and jobless women reflect lower levels of awareness due to economic dependency. Digital banking is widely adopted, reflecting the transition towards internet money management, even though others resist due to security concerns and restricted digital functions.

The majority of women possess moderate to low tax consciousness, and few possess high literacy. A majority of women seek professionals or family members to assist with taxes, as they lack the confidence to prepare taxes themselves. Educated and salaried women are more tax-aware, whereas others are disadvantaged due to lack of knowledge. Financial stability differs, with the majority of women possessing moderate stability. Although most save on a regular basis, some save irregularly or not at all, indicating the necessity for improved financial planning. Higher financial literacy results in improved debt management, so education in budgeting is a must.

### VI. CONCLUSION

The research highlights that digital tax literacy is an essential factor in women's financial well-being, but significant gaps exist in awareness, accessibility, and utilization of digital tax platforms. Education, employment status, and digital familiarity play a crucial role in determining tax engagement levels among women. While digital financial services have increased access to tax-related resources, many women still rely on external help due to a lack of confidence in managing taxes independently.

To bridge the digital tax literacy gap, targeted educational programs, simplified tax-filing systems, and government-led financial inclusion initiatives are necessary. Empowering women with digital tax knowledge can lead to better financial planning, increased savings, and enhanced economic participation, ultimately contributing to financial independence and gender equality.



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