A STUDY ON TAX AWARENESS AND TAX PLANNING AMONG SALARIED INDIVIDUALS OF ERNAKULAM CITY

Project Report

Submitted by

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Under the guidance of

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In partial fulfillment of the requirement for the Degree of

MASTER OF COMMERCE

ST. TERESA'S COLLEGE (AUTONOMOUS), ERNAKULAM

COLLEGE WITH POTENTIAL FOR EXCELLENCE

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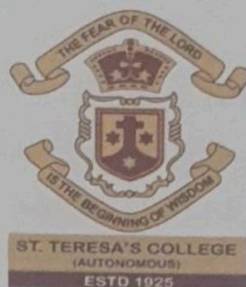**Affiliated to**

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CERTIFICATE

This is to certify that the project titled **"A STUDY ON TAX AWARENESS AND TAX PLANNING AMONG SALARIED INDIVIDUALS OF ERNAKULAM CITY"** submitted to Mahatma Gandhi University in partial fulfillment of the requirement for the award of Degree of Master of Commerce is a record of the original work done by **Ms. Gayathri S,** under my supervision and guidance during the academic year 2023-25.

Project Guide

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Viva Voce Examination held on....

External Examiner(s)

DECLARATION

I, Ms. Gayathri S final year MCom student (Finance), Department of Commerce (SF), St. Teresa's College (Autonomous) do hereby declare that the project report entitled "A STUDY ON TAX AWARENESS AND TAX PLANNING AMONG SALARIED INDIVIDUALS OF ERNAKULAM CITY" submitted to Mahatma Gandhi University is a bonafide record of the work done under the supervision and guidance of Ms. Ottina Treasa Mendez, Assistant Professor of Department of Commerce (SF), St. Teresa's College (Autonomous) and this work has not previously formed the basis for the award of any academic qualification, fellowship, or other similar title of any other university or board.

PLACE: ERNAKULAM

DATE: 25.04.2025

GAYATHRI S

ACKNOWLEDGEMENT

First of all, I am grateful to God Almighty for his blessings showered upon me for the successful completion of my project.

It is my privilege to place a word of gratitude to all persons who have helped me in the successful completion of the project.

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I will remain always indebted to my family and friends who helped me in the completion of this project.

Last but not the least; I would like to thank the respondents of my questionnaire who gave their precious time from work to answer my questions.

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GAYATHRI S

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CHAPTER 1
INTRODUCTION

1.1 INTRODUCTION

Tax comes from a Latin word taxo, and it means a compulsory fee or financial charge imposed by the government on an individual or an organization to finance public services and infrastructure. The government imposes taxes on its citizens to generate revenue for business initiatives, improve the nation's economy, and raise the living standards of its people. In India, taxes are imposed by both the Central Government and State Government, with some minor taxes also collected by local authorities like municipalities and local governments.

Tax is a major source of revenue for most of the countries. In India, taxes are primarily categorized into two types: direct taxes and indirect taxes. Direct taxes are imposed directly on an individual's or organizations income and wealth. These taxes are paid directly to the government for example, income tax. In contrast, indirect taxes are levied on goods and services, where the tax is collected by intermediaries from the end consumers. An example of this is the Goods and Services Tax (GST), which is applied to the sale of goods and services.

Income tax is vital to a country's financial health, as it provides the necessary funding for essential government services and programs. It serves as a primary source of revenue, enabling the government to fund essential services like education, healthcare, and infrastructure. As income tax is levied on income of an individual and is collected by the Government from different categories of assessee, an awareness among individuals is essential for effective tax planning.

For individual taxpayers, tax awareness is an important part of tax planning. Income tax significantly reduces the hard-earned money of an assessee. Anyone earning above the income threshold set by tax laws is required to pay taxes. Consequently, effective tax planning becomes vital. To optimize tax planning, individuals must be informed about the latest tax laws and regulations. Tax planning does not imply avoiding taxes; rather, it involves strategically managing finances to maximize benefits for the individual taxpayer.

1.2 STATEMENT OF THE PROBLEM

This study observes at the importance of tax awareness and planning for salaried individuals in Ernakulam City. Many people are not fully aware of tax rules and how to plan their taxes effectively, which can lead to poor financial choices, legal problems, and missed opportunities to save money. With constant changes in tax laws and new financial options, it's important to find out how aware people are and what tax planning practices they currently use. The goal of this study to identify the factors that influence tax awareness and planning helping to improve financial knowledge and encourage better compliance among salaried individuals in the area.

1.3 SCOPE OF THE STUDY

The aim of this study is to examine and analyze the knowledge of salaried persons regarding various tax planning strategies. It seeks to understand their level of awareness and tax planning practices, as well as identify the tax-saving instruments that employees from different fields prefer. Additionally, the study intends to determine the most suitable and popular tax-saving options utilized by salaried individuals. By focusing on both awareness and practical planning, the study helps to identify gaps in knowledge and behavior that can hinder effective tax management.

1.4 OBJECIVES OF THE STUDY

- To ascertain the level of awareness of salaried individuals on various tax concepts.
- To understand the tax planning practice of salaried individuals
- To find out the most suitable tax saving instrument used by individuals to save tax.

1.5 RESEARCH METHODOLOGY

Research methodology is the structured plan that outlines how research is conducted, including the strategies and specific methods for collecting, analyzing and interpreting data.

1.5.1 RESEARCH DESIGN

A total of 100 salaried individuals aged between 25 and 60 years, residing in Ernakulam City were considered for this study. Also salaried individuals from different streams like government, private, self-employed were included in the study. The study is descriptive in nature, as the purpose is to describe the current levels of tax awareness and planning practices among salaried individuals. The data is collected through a structured questionnaire. This comprehensive design aims to provide a clear understanding of tax awareness levels and planning practices among the target population.

1.5.2 SAMPLE DESIGN AND SIZE

The study focusses on salaried individuals residing in Ernakulam City as the target population. The sample was selected by using stratified sampling technique from the population belonging to different demographic profile like gender, age, education, occupation and income. The estimated number of participants in the sample is 100. This range is deemed adequate to provide meaningful insights into tax awareness and tax planning among the target population while considering time and resource constraints.

1.5.3 COLLECTION OF DATA

The primary data for this study is collected using structured questionnaires distributed through Google forms. This online platform allows for the efficient data collection and enables participants to complete the questionnaire at their convenience. The questionnaire consists a set of multiple-choice questions. Secondary data is collected through internet, website, research journals and publications.

1.5.4. RESEARCH INSTRUMENTS FOR DATA COLLECTION AND ANALYSIS

In this study in order to find out the association between the various independent variables' tools like simple percentage calculation is applied. Thus, for a more comprehensive assessment, simple percentage were utilized to analyse the quantitative data.

1.6 LIMITATIONS OF THE STUDY

- The sample of 100 people may not represent all salaried individuals, limiting the results.
- The survey was conducted digitally, so there was no physical presence from either side.
- The respondents limited knowledge on tax saving instruments could be significant constraint.

1.7 CHAPTER OUTLINE

Chapter 1 – Introduction

Chapter 2 – Review of literature

Chapter 3 – Therotical framework

Chapter 4 – Date analysis and interpretation

Chapter 5 – Findings, suggestions and conclusion

CHAPTER 2
REVIEW OF LITERATURE

K V Varma, S H Raut, M G Fakir, A P Sonkar, O I Kumawat (2024) – The study "A Study on Awareness of Income Tax Planning Among Women with Special Reference to Panvel Region"is based on the income tax planning among women with special reference to Panvel region. The objective is to know whether awareness campaigns related to income tax planning will be required or not. The findings shows that most of the women are aware about tax planning in that region based on the different parameters like awareness of basic exemption limit, penalty and interest on non-payment, deductions, rebate, TDS, loopholes and various income saving strategies.

Chittibabu C, Dr Dakshayani KN (2023) – The study aimed to ascertain the degree of awareness and perception regarding the tax saving instruments as well as the preferred tax saving instrument options in order to save taxes. Descriptive statistics are utilized to analyse data collected randomly from 110 respondents in Bengaluru City. The findings showed that majority of the salaried individuals did invest their money but not all had tax saving knowledge and it also shows that the gold and government securities is the most widely accepted and preferred investment of salaried individuals.

Rakesh M Kadva, Dr Vijay Gondaliya (2022) – The study "To Study the Perception of Income Tax Planning with respect to Individual Assessee" evaluates and analyses the tax planning strategies and awareness thereof, savings habits, investment choices in India for the period covered under study, For the purpose of study, employee from both private sector and public sector were covered. Over all findings reveals that the most adopted tax saving instrument is Provident fund and Life insurance policy.

Varsha Singhania (2021) – The study "A Study on Awareness of Investment in Tax Saving Products" focuses on understanding how individuals can take advantage of Indian tax systems through different investment opportunities. The main goal of the research was to understand the respondent's knowledge about tax planning and tax deductions, where they obtained this knowledge and why they preferred certain investment options. This study seeks to understand which tax saving instrument is most preferred and why it is chosen according to the specified criteria. The study's overall results show that the deduction of 80C is the most favoured.

Yagna Vyas, Vijay R Gondaliya (2020) -The study "Tax Planning and Tax Management of Salaried Individuals: A Study of Bardoli Region" aims to check an individual's knowledge of tax planning and management and to measure it with demographic factors. The study focuses on professional help and advice for return filing and tax planning. The data is collected from 250 salaried individual assesses of Bardoli region through convenience sampling. For statistical analysis Chi-square test has been applied. The findings of the study shows that demographic factors of salaried people affect the knowledge of tax planning. The analysis reveals that higher income individuals need professionals help to manage their tax, but qualified people are having sufficient knowledge for the same.

Ayesha Qadri (2020) – The purpose of this study is to understand tax planning and tax management and to find out the most efficient way of getting tax benefits from numerous tax saving instruments. The findings shows that it is important to plan taxes in advance and to wisely choose among tax saving instruments in order to utilize tax benefits completely.

Kumar M, Tanwar N (2020) – The studied aimed to determine how the investors gender and education of the investors have a significant impact on selection of health insurance. The study found that the level of awareness of health insurance is low and most of them are not covered by any kind of health insurance. There is a significant dependence of selection of health insurance on the gender of the person being surveyed. However, there was no evidence of a connection between education level and choice of health insurance.

Harendra Singh, Prof Anil Vashisht (2019) – The study "A Study of Taxation Awareness Among People: Special Reference to Gwalior Region" aim is to analyse the literacy level of people towards taxation system. The findings showed that a lot of people are using tax consultancy services. Although people had basic knowledge on tax laws but they didn't know anything in detail about tax laws, which proves that people have a very high dependence on these services.

Suchitra P, Vidhya C (2019) – The research focus on the awareness of tax saving instruments of individual tax payers. The objective of the study is to know the most suitable and popular tax saving instrument used to save tax and to know the amount saved by that instrument by the assesses in Sreekrishnapuram. Chi-square test has been applied for statistical analysis of the collected data. The results of the study shows that most of the respondents in Sreekrishnapuram are aware about the tax saving instrument. It is also found that there is no association between gender and level of awareness among individual tax payers, and the mist adopted tax saving instrument is deduction under 80C, followed by 80EE and 80E as the most adopted instrument.

Amit Kumar Arora, Pradeep Kumar Garg (2019) – The research paper "Awareness and Perception Regarding Tax Saving Instruments among Teachers of Higher Education" aimed to understand the knowledge and opinions on different tax saving options for higher education teachers to reduce their taxes. The research was carried out to identify the preferred tax saving instruments and the factors taken into account when choosing these instruments, The research suggests that higher education teachers should consider investing in NPS and raising their spending on health insurance to lower their tax burden. The research discovered that participants believe the tax system is complicated and are seeking assistance from professionals to complete their tax returns.

Dr J.A. Sarvaiya and Dr Rajesh P Ganatra (2019) – This research paper aims to examine the behavioural patterns and the perceptions of the tax payers over the different deductions available under sections from 80C – 80U of Income tax act. Further the researcher also tries to examine whether there is a significant difference in perception of taxpayers with respect to deductions U/s 80C-80U relative to their demographic factors. It was found that taxpayers having their own business as their occupation pay the highest tax.

Kumar M, Tanwar N (2019) – This paper focuses on how demographic characteristics such as income and occupation affect the investor choosing tax efficient investment options. The data were gathered from 52 persons who live in different areas of the national capital New Delhi. The individual's investment decision on tax saving instruments is not significantly dependent on their income.

A Arora, P Garg (2019) – The study is based on the awareness and perception regarding various tax saving instruments available to save tax that are used by the teachers of higher education. Descriptive statistics is used to analyse the collected data. The results of the study shows that most of the teachers of higher education are availing deduction of fees of their wards under section 80C and investment in PPF and Life insurance premium are found the most used instruments for availing deduction of 80C

Preeti Kalgutkar (2018)– The research paper is related to personal finance aspects of individual assessee. The objective of this paper is to study the relationship between tax awareness and planning on wealth creation of individual assessee in the form of different investments which is prescribed by income tax laws. In this study assesses are taken into consideration by adopting stratified sampling. The findings showed that awareness regarding present tax provisions, tax planning have positive effect on wealth creation.

Byju K, Dr P Kannan (2018) – This study "A Study on the Relevance of Tax Planning for Effective Tax Savings by Salaried Individual with Special Reference to Palakkad District" shows the relevance of tax planning for effective tax savings by salaried individuals with reference to Palakkad district. It focuses on the overall tax relevance and awareness levels of salaried individuals regarding residential status. The findings showed that there is no significant relationship between age group and source of information, marital status and source of information, and there is significant relationship between education and source of information, gender and source of information.

Sanket, Charkha (2018) – The study "A Study of Saving and Investment Pattern of Salaried Class People with Special Reference to Pune City (India)" focuses on the preference of investment by salaried class people in Pune City. The objective of this paper to know the factor that are influencing investment behavior of the peoples. Convenient sampling techniques were utilized with a sample size of 60 employees. The study utilized a Chi-square test and a percentage tool. The results showed that salaried workers are seeking increased safety measures and consistent returns on their investments.

Niyati Jain, Neha Yadav, Dr T V Raman (2018) – The study focus on the relationship between tax awareness and planning on wealth creation of individual assesses. Convenience sampling is used to collected data. Most of the people surveyed possess knowledge about taxes. Many individual feel that being knowledgeable about taxes can result in increased savings, wealth accumulation, secure retirement and the development of a strong investment portfolio.

C Sumitra Devi, Prof A Sudhakar (2018) – The research paper "A Study on Awareness of Tax Saving Schemes Among Women Faculty of Degree Colleges of Hyderabad District" aims to find out the awareness of tax saving schemes and to identify the preference of tax saving schemes among the women faculty of Degree Colleges of Hyderabad. It is found that there is no significant mean difference in awareness of tax saving schemes in different status of the employees.

Amit Kumar Arora, Priya Rathi (2018) – The research paper "A Study of Awareness and Perception Regarding Tax Saving Options Among Salaried People" aimed to understand the knowledge and opinions about different tax saving opportunities for salaried employees. The research found that women showed a greater preference of savings and investments that men. The majority of the employee's wit fixed incomes believed that the tax rate should be lowered and the basic exemption limit should be raised.

Dr B A Karunakarareddy and Vedanandaprabhu P G (2018) – The study is to analyse tax planning measures by salaried women assesses of multinational companies in Bangalore. It aims to explore on the saving culture amongst the salaried women

Sumitra Devi, Prof A Sudhakar (2018) – The purpose of this paper is to find out the awareness of tax saving schemes and to identify the preference of tax saving schemes among the women faculty of Degree Colleges of Hyderabad. It is found that there is no significant mean difference in awareness of tax saving schemes in different status of the employees

D Ahammad, B Lakshmanna, T Kiran (2017) -   The current research aims to assess the financial literacy of retail investors in Kurnool. This research aims to investigate how various demographic factors influence financial literacy and also to comprehend the differences in personal investment choices among investors with varying levels of financial literacy in terms of short, medium, and long-term investments. The study revealed that in general investors demonstrated a moderate level of financial literacy knowledge and skills.

Patel B, Modi V (2017) – The research is conducted how demographic factors that affect investment choices. The study concluded the occupation of the assessee does not have a significant connection with selection pertaining to an investment and it also revealed that demographic factors are not the sole factor influencing investment choices.

Chaurasia P (2017) – The study "'A Study of Investment Preferences of Investors" is based on the preference of investors. A total of 299 participants were selected from the Indore district in Madhya Pradesh for the study. Th research suggested that fixed deposit is the most favoured investment option. It was discovered that there is no substantial connection between qualifications and different tax saving tools.

Bhavani G, Shetty K (2017) – The study "Investors Perception towards different Investment Avenues" shows that behavioral finance is the new emerging science which focuses on understanding the psychology effects on investment decision. Their study showed that investment decision is related with the demographic profile of the person. Women in comparison of men are less risk taking. In addition, age of the investor effects the investment in long term or short-term plans.

Sanjeeb Kumar Dey, Kamal Kumar Varma (2016) – The research focus on the awareness of tax saving schemes among individual assesses with reference to Odisha city. The study reveals the fact that awareness level about tax saving schemes is not much among investors. Poor awareness is reflected not only in the limited number of schemes they are aware of, but also in insufficient knowledge about features and benefits of schemes they are aware of.

Mathew (2016) – The research is based on the tax planning for women assessee in Cochin City. The basic objective of the study is to identify the knowledge for tax planning, tax filing options and various alternatives in investments that helps to reduce tax liability. It was seen that people chose LIC premium followed by Provident fund.

Jose A T, Joseph N (2016) - The research focused on salaried taxpayers who collected primary data to examine awareness and adherence to income tax regulations. The research found that just 25% of taxpayers strategically plan their investments ahead of time to optimise their use of tax saving tools. The research also showed that Life insurance is the top choice over PPF and Fixed deposits in financial institutions like banks and post offices.

Deepak Sood, Kaur (2015) – The study "A Study of Saving and Investment Pattern of Salaried Class People with Special Reference to Chandigarh" is based on the savings and investment pattern of salaried class people with special reference to Chandigarh. The results shows that the savings and investments pattern of salaried class people and found LIC and bank deposits as the most preferred investment options while high returns tax benefits and safety are found as the most significant factors before investing. It was seen that savings and investment habits are more among the salaried class of people.

C Krishnamoorthy, K Krishnamurthy, Rajeswari Vedachalam (2015) – The research is based on the investment trends and knowledge of salaried individuals in Tiruvannamalai district, Tamilnadu. The results point out that certain factors such as level of education, investors age, family size, etc play a crucial role in determining investment options. The primary source of data is collected through distribution of close ended questionnaire and the data has been analysed through Chi-square test. Research indicates that most participants are choosing to save money in bank accounts to secure themselves against an uncertain future.

CHAPTER 3
THEORETICAL FRAMEWORK

Tax is a mandatory fee or financial charge imposed by the government on individuals or organizations to support public services and infrastructure. The government gathers taxes from its citizens to generate revenue for business projects, develop the country's economy, and improve the living standards of its population. Hence, the tax system has an important impact on the growth of a nation. India has a well – developed tax structure. The authority to levy taxes and duties is disseminated among the three tiers of Government, in accordance with the provisions of the Indian Constitution.

Taxation in India is categorized mainly as direct and indirect tax. Direct tax is imposed on individuals' income or profits, the obligation for paying it lies solely with the individual upon whom it is imposed and it cannot be transferred to another party. The Central Board of Direct Taxes (CBDT) controls and manages direct tax administration. Indirect tax is levied by the government on goods and services and can be passed from one tax payer to another. The Central Board of Indirect Taxes and Customs (CBIC) is accountable for supervision and managing indirect tax administration.

For individual taxpayers, income tax is the most important form of direct tax. Overseeing the collection, refund and administration of income tax in India is the Income Tax Bill of 1961. The tax is imposed once every evaluation year from April1 through March 31. The Income Tax Act says one must pay income tax if their yearly revenue goes over the smallest exemption level.

Taxes on income, are very significant to the government and society as a whole, as these provide main revenues for financing public services like better education, health care, infrastructure and the social welfare organization. The government taxes individuals and corporations based on income. This means the government can rearrange incomes to reduce economic disparity, giving help to those most in need and thus assisting societal maintenance. Then again, the income tax promotes good financial management through tax incentives that avail savings, investments, and donations. Therefore, income taxes do much more than generate revenue they truly generate the financial base for the development of society, public well-being and the overall development of the nation.

TAX AWARENESS AND TAX PLANNING

Tax awareness is a prime determinant for tax planning for individual taxpayers. Since income tax represents a significant portion of an assessee' s hard earned earnings, any earnings exceeding the permissible limits set by tax laws are subject to taxation. As such, tax awareness would have an important significance for a particular person on many grounds. Initially it assists a taxpayer to know his responsibilities and rights with respect to compliance with tax law so that otherwise he is faced with penalties. Awareness of tax enables a taxpayer to know what possible deductions and credits may be claimed to ease an individual's tax burden and thus save money. Also, tax awareness can further empower individuals to wipe the wise plans on personal finances, considering the different options when making a decision regarding savings and investments.

Tax planning is making financial activities to minimize tax payment and maximize savings and investment. In order to avail maximum benefits such as exemption and credits, its necessary to examine various money issues like income, spending and investments. Ultimately smart tax planning is about managing the money well and making decisions at the appropriate time. This assists individuals who pays taxes in retaining more of their money and reaching their long-term financial targets, by being current on tax regulations, individuals can gain more control over the tax system and improve their savings.

There are various methods through which individuals or families of any tax bracket in India can reduce their taxable income. These methods usually include investment in certain tax- saving tools that give tax deductions under various sections of the Income Tax Act. While choosing the appropriate investment, one must keep an eye on risk, liquidity, the expected returns and tax on such returns. As the profits from such investments can be subject to taxation as well, this can restrict the wealth creation in the long run. Further, the tax advantage associated with these products usually implies their expected returns are not higher than the average market return

TAX EVASION, TAX AVOIDANCE AND TAX MANAGEMENT

Tax evasion

Tax evasion is the unlawful act of failing to pay the taxes owed to the government. It includes intentionally misrepresenting or hiding income, exaggerating deductions or neglecting to file tax returns altogether. This illegal practise can take different forms such as underreporting income, submitting false deductions or hiding funds in offshore accounts. Tax evasion is a criminal offence that can carry several penalties, including fines and imprisonment.

Tax Avoidance

Tax avoidance is the lawful approach to reducing tax liability by employing strategic tax planning and utilizing tax laws that allow for exemptions, deductions and credits. It includes legal practices such as contributing to retirement accounts, using tax-efficient investments and claiming every tax deduction available to reduce tax obligations. While tax avoidance is permissible and often recommended as part of sound financial management, it should be carried our transparently and ethically.

Tax Management

Tax management involves a systematic method of planning, organizing and overseeing an individuals or organizations tax responsibilities to enhance tax efficiency and ensure compliance with tax regulations. Effective tax management reduces tax liabilities while ensuring that all tax obligations are fulfilled accurately and punctually. This requires maintaining detailed records, staying updated on changes in tax laws, and making informed choices about investments and expenses. Ultimately, effective tax management contributes to overall financial well-being, helps avoid penalties, and can result in substantial savings.

HEADS OF INCOME

1.Income from Salary

Income received by an employee from their employer falls under the category of "Income from Salaries". It consists of all forms of earnings like wages, compensation, allowances and annual bonuses. The salary can also include bonuses, rewards, commissions and other benefits. Some common deductions from this income earned are professional tax, Tax Deducted at Source (TDS) and Public Provident Fund (PPF).

2.Income from House Property

Income generated from renting out properties, whether residential or commercial, falls under the category of "Income from House Property". The property must be owned by the individual and not used for business. The tax on this income is based on factors like standard rent, municipal valuation, and the actual rent received. If an individual has more than one self-occupied house, only one will be considered self-occupied for the purpose of calculating "Income from House Property". The other house will be regarded as deemed to be let out, and a corresponding deemed rent will be assessed for them.

3.Income from Profits and Gains from Business and Profession

"Profits and Gains of Business or Profession" consists of profits earned from activities trade, commerce business and professional services run by a person, entity, or company. It covers earnings from businesses, trading, self-employment, freelancing, consultancy, and other services. Profits and gains are computed on gross income less business expenditure, depreciation and other permissible deductions.

4.Income from Capital Gains

"Income from Capital Gains" refers to the profits made from selling or transferring capital assets such as property, shares, mutual funds, and bonds. The type of capital gain depends on how long the asset has been held, which affects how it is taxed. A long-term capital gain occurs when an asset is sold after being held for more than 36 months, and it is taxed at a rate of 20%. If the asset is sold within 36 months, the gains are classified as short-term and taxed at 15%.

5.Income from Other Sources

Earnings that are not included in the above categories are classified under "income from other sources. Other types of income include interest on fixed deposits or savings accounts, gifts, dividends, royalty payments and winnings from lottery or gambling. These incomes are added to the individual's total income and taxed at the applicable rates.

TAX SAVING METHODS

Adopting tax-savings methods is essential for effective financial management. By effectively using exemptions and deductions, individuals and businesses can lower their tax burden, enabling them to keep more of their income. This extra savings can then be allocated to investments, savings or necessary expenses, boosting overall financial security. Additionally, tax-saving methods promote thoughtful financial planning, assisting individuals in reaching their long-term objectives, like retirement, education or purchasing a home. Eventually, these strategies improve one's financial future while taking higher advantages from tax laws.

1.Tax-saving options under Section 80C:

Section 80C of the Income Tax Act, 1961, allows individuals to deduct certain investments and expenses from their taxable income, with a maximum limit of INR 1.5 lakh per financial year. Some of the popular methods to save tax under Section 80C:

- Unit Linked Insurance Plan (ULIP): A combination of insurance and investment. You can claim a deduction on premiums paid, up to ₹1.5 lakh per year.
- Equity-Linked Savings Scheme (ELSS): A mutual fund that invests in stocks. It has a 3-year lock-in period, the shortest among 80C options.
- Public Provident Fund (PPF): A long-term savings scheme with a 15-year lock-in. The interest earned is tax-free.
- National Savings Certificate (NSC): A fixed-income scheme from the post office with a 5-year lock-in period.
- Life Insurance Premium: Premiums paid for life insurance policies are deductible under 80C.
- Employee Provident Fund (EPF): Contributions by employees to their EPF are eligible for deduction.
- Sukanya Samriddhi Yojana (SSY): A scheme for saving for a girl child's education and marriage.
- Senior Citizens Savings Scheme (SCSS): A savings scheme for senior citizens with tax benefits.
- Fixed Deposit (FD): Tax-saving fixed deposits with a 5-year lock-in period qualify for deductions.
- Home Loan Principal Repayment: The principal amount repaid on a home loan is deductible.
- Tuition Fees: Tuition fees for the education of two children are eligible for deductions.

2. Education Loan: The interest paid on education loans is eligible for a tax deduction under Section 80E. This benefit applies for a maximum of eight years or until the interest is paid, making higher education more affordable.

3. Charitable Donations: Donations made to registered charities are deductible under Section 80G. The deduction amount varies based on the type of charity, encouraging individuals to contribute to social causes.

4. Wedding Gifts: Generally, wedding gifts received are not taxable for the recipient unless they exceed ₹50,000. However, gifts from close relatives are exempt, providing financial support during celebrations.

5. Health Insurance Premium: Premiums paid for health insurance for the individual and their family are deductible under Section 80D. This not only drives health coverage but also offers tax relief based on the amount paid.

6. House Rent Allowance (HRA): Employees living in rented homes can claim deductions on HRA, reducing their taxable income. The deduction amount is calculated based on salary, rent paid, and the location of residence.

INCOME TAX SLAB RATE FOR THE ASSESSMENT YEAR 2024 – 25

Individuals (Less Than 60 Years Old)

Income Tax Slab	Tax Rate
Upto to 2,50,000	Nil
2,50,001 to 5,00,000	5%
5,00,001 to 7,50,000	10%
7,50,001 to 10,00,000	15%
10,00,001 to 12,50,000	20%
12,50,001 to 15,00,000	25%
Above 15,00,000	30%

Senior Citizens (60 years & above but less than 80 years)

Income Tax Slab	Tax Rate
Upto 3,00,000	Nil
3,00,001 to 5,00,000	5%
5,00,001 to 10,00,000	20%
Above 10,00,000	30%

Very Senior Citizens (80 years & above)

Income Tax Slab	Tax Rate
Upto 5,00,000	Nil
5,00,001 to 10,00,000	20%
Above 10,00,000	30%

FILING OF INCOME TAX RETURN

Filing an income tax return (ITR) is a process of reporting your income, expenses, and tax liabilities to tax authorities. And timely and correct filing is critical to avoid penalties and stay compliant in taxation, and can aid in claiming refunds in case of excess tax paid. Here, are the steps, in order:

1. Identify Your Tax Status: Determine your residency status and the applicable tax slabs for your income category (such as individual or senior citizen).

2. Gather required documents: Collect all the necessary documents, such as:

   - Salary slips
   - Form 16 (for salaried employees)
   - Bank statements
   - Investment proofs (like PPF and ELSS)
   - Health insurance receipts
   - Previous year's tax return

3. Select the Appropriate ITR Form: Choose the right ITR form based on your income, such as

   - ITR-1 for salaried individuals with income from salaries, pensions, or interest.
   - ITR-2 for those with income from multiple house properties or capital gains.
   - ITR-3 for professionals and businesses.

4. Compute Your Income and Deductions: To find your taxable income, add up all of your income and any deductions (such as under Sections 80C and 80D).

5. Complete the ITR Form: Fill out the ITR form accurately. . You can file it online via the tax department's website or offline by submitting a paper form.

6. Verify Your Information: Review all entries carefully, including bank details for refunds and personal information.

7. Submit the ITR: The completed form can be submitted electronically or in paper copy, depending on your preference.

8. E-Verify: After submitting your return online, you can verify it through Aadhaar OTP, net banking or by sending a signed ITR-V to the tax department.

9. Save a Copy: For your records, keep a copy of the filed return along with any acknowledgments

10. Track Processing and Refunds: Monitor the processing status of your ITR through the tax department's portal. Make sure the refund is deposited into your account if you qualify for one.

CHAPTER 4
DATA ANALYSIS AND INTERPRETATION

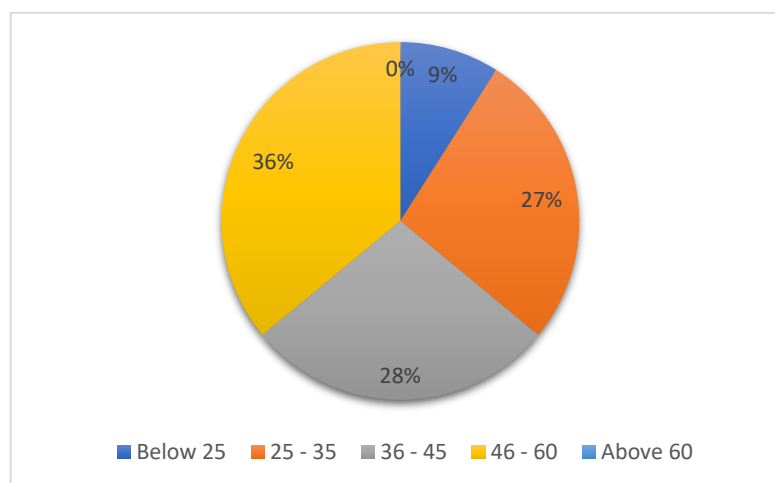## 4.1 AGE OF RESPONDENTS

TABLE 4.1 SHOWING AGE OF RESPONSES

Particulars	Number of Respondents	Percentage
Below 25	9	9
25 - 35	27	27
36 - 45	28	28
46 - 60	36	36
Above 60	-	-
Total	100	100

Source: Primary Data

FIGURE 4.1 SHOWING AGE OF RESPONSES

The above table shows the age of respondents. About 36% are aged between 46-60, followed by those aged 36-45 (28 respondents) and 27% aged between 25-35. Only 9% of the respondents are aged below 25, with an absence of participants of age above 60.
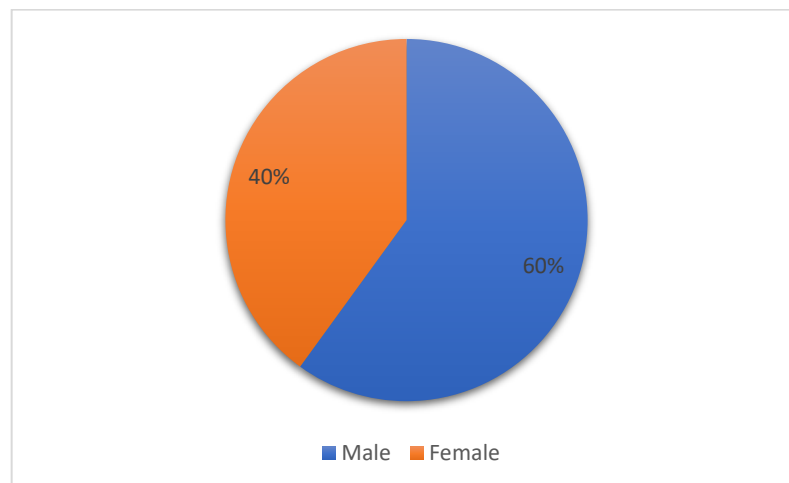
4.2 GENDER OF RESPONDENTS

TABLE 4.2 SHOWING GENDER OF RESPONDNETS

Particulars	Number of Respondents	Percentage
Male	60	60
Female	40	40
Total	100	100

Source: Primary Data

FIGURE 4.2 SHOWING GENDER OF RESPONDENTS

The data shows the gender distribution of respondents. About 60% of the respondents are male and 40% are female.
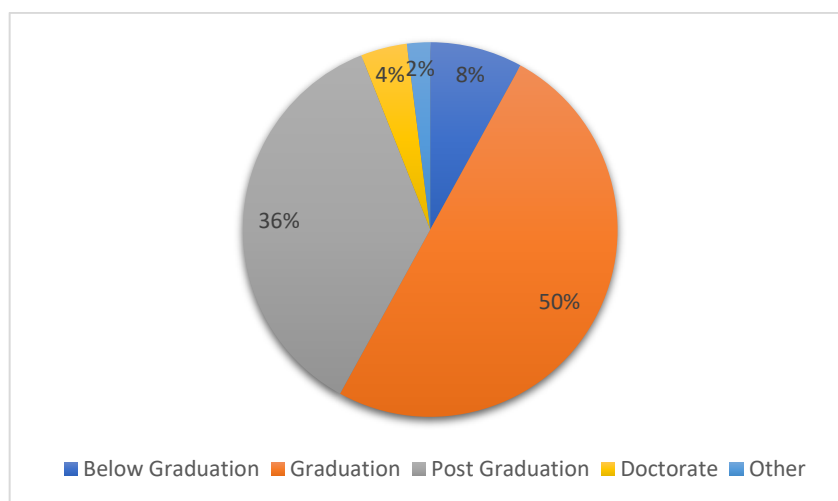
4.3 EDUCATIONAL QUALIFICATION

TABLE 4.3 SHOWING EDUCATIONAL QUALIFICATION

Particulars	Number of Respondents	Percentage
Below Graduation	8	8
Graduation	50	50
Post Graduation	36	36
Doctorate	4	4
Other	2	2
Total	100	100

Source: Primary Data

FIGURE 4.3 SHOWING EDUCATINAL QUALIFICATION

The data shows the educational qualification of the respondents. About 50% of the respondents have completed graduation, followed by Post Graduation (36%) and 8% have education below graduation. Only 4% have doctorate and 2% of the respondents fall into another category.
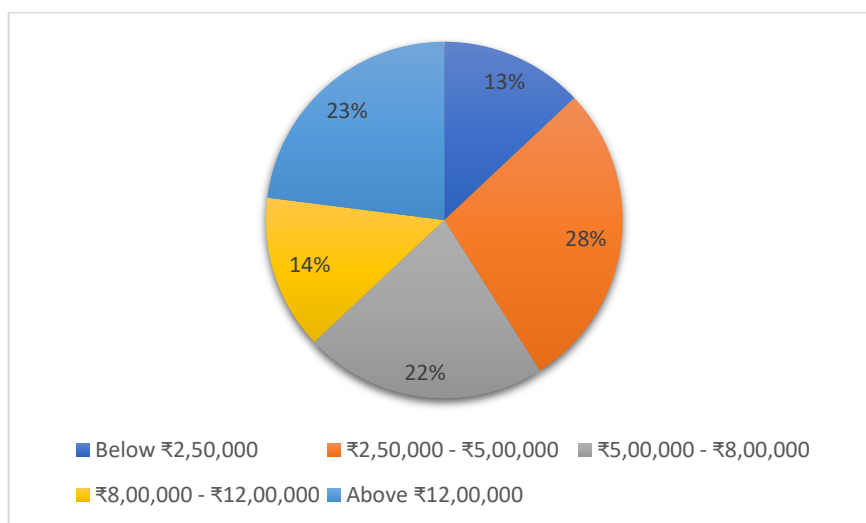
4.4. ANNUAL INCOME

TABLE 4.4 SHOWING ANNUAL INCOME OF RESPONDENTS

Particulars	Number of Respondents	Percentage
Below ₹2,50,000	13	13
₹2,50,000 - ₹5,00,000	28	28
₹5,00,000 - ₹8,00,000	22	22
₹8,00,000 - ₹12,00,000	14	14
Above ₹12,00,000	23	23
Total	100	100

Source: Primary Data

FIGURE4.4 SHOWING ANNUAL INCOME OF RESPONDENTS

The data shows the income distribution of the respondents. 28% of the respondents have income between ₹2,50,000 - ₹5,00,000, 23% with income above ₹12,00,000 and 22% earn between ₹5,00,000 - ₹8,00,000. About13% of the respondents have income below ₹2,50,000 below the tax payable limit.
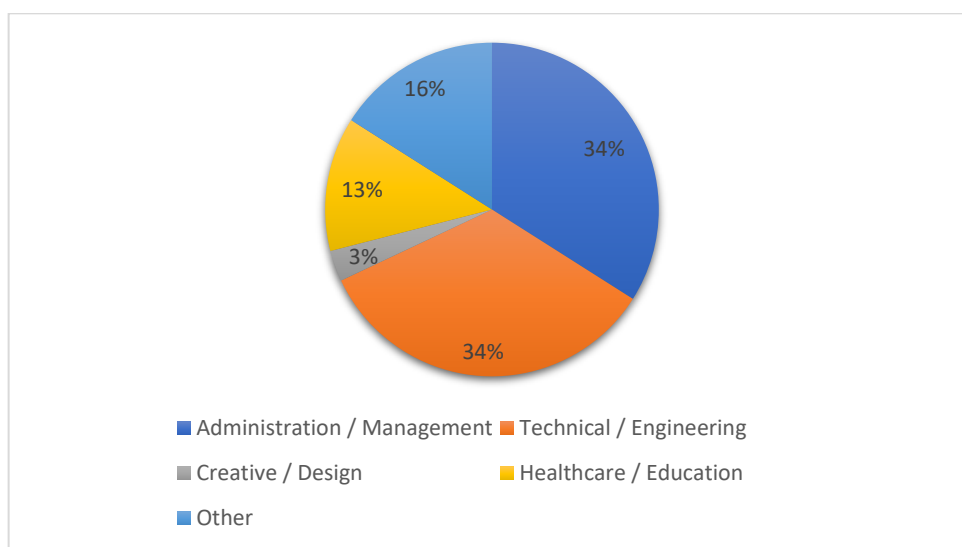
4.5 OCCUPATION

TABLE 4.5 SHOWING OCCUPATION OF RESPONDENTS

Particulars	Number of Respondents	Percentage
Administration / Management	34	34
Technical / Engineering	34	34
Creative / Design	3	3
Healthcare / Education	13	13
Other	16	16
Total	100	100

Source: Primary Data

FIGURE 4.5 SHOWING OCCUPATION OF RESPONDENTS

The data shows that majority of the respondents about 34% belong to the administration/management and technical/emgineering.13% of the respondents belong to healthcare/education sector, while only 3% in creative/design filed. About 16% of the respondents belong to another category.
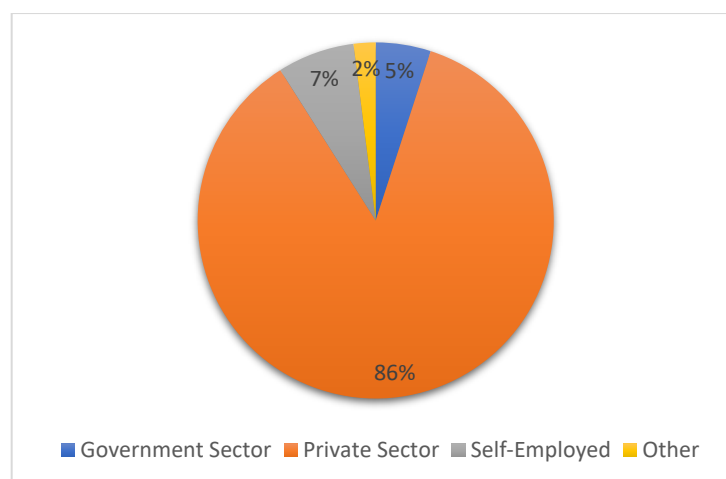
4.6 EMPLOYMENT TYPE

TABLE 4.6 SHOWING EMPLOYMENT TYPE OF RESPONDNETS

Particulars	Number of Respondents	Percentage
Government Sector	5	5
Private Sector	86	86
Self-Employed	7	7
Other	2	2
Total	100	100

Source: Primary Data

FIGURE 4.6 SHOWING EMPLOYMENT TYPE OF RESPONDENTS

The data shows that 86% of the respondents are employed in the Private sector, 5% work in Government sector, 7% are Self-employed and only 2% of the respondents fall in another category.

4.1 TAX AWARENESS

4.7.1 RATE THE FOLLOWING STATEMENTS ON A SCALE OF 1 TO 5, WHERE 1 IS "STRONGLY AGREE" AND 5 IS "STRONGLY DISAGREE".

TABLE 4.7.1 SHOWING RATE THE FOLLOWING STATEMENTS FROM 1 (STRONGLY AGREE) TO 5 (STRONGLY DISAGREE)

		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	I file my income tax returns (ITR) regularly.	73	12	6	1	8
2	I am aware of the documents required to file my tax returns (e.g., Form 16, bank statements, investment proofs).	74	14	7	-	5
3	I am aware of the penalties and interest of not filing my income tax returns by the deadline.	34	17	36	8	5

Source: Primary Data

FIGURE 4.7.1 SHOWING" RATE THE FOLLOWING STATEMENTS FROM 1(STRONGLY AGREE) TO 5 (STRONGLY DISAGREE)"
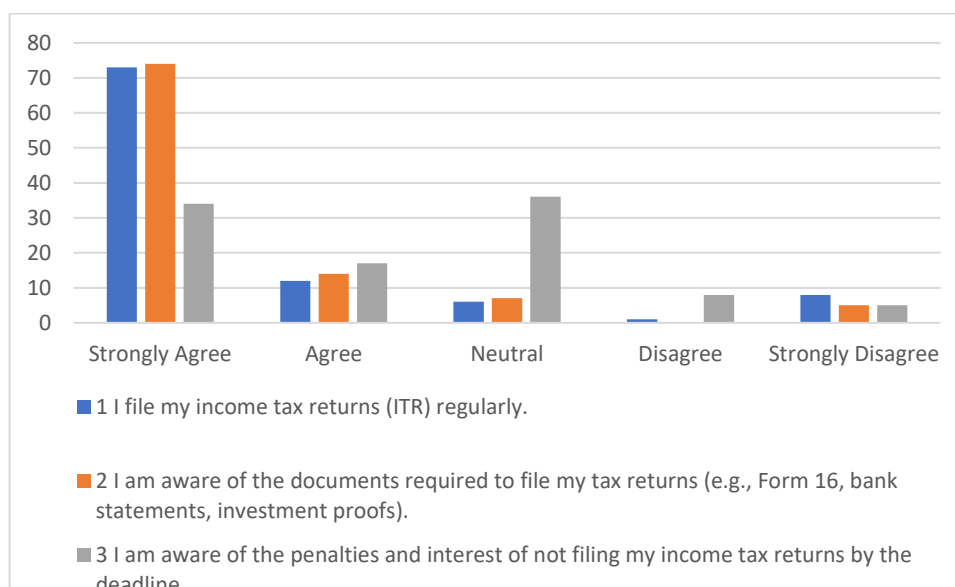
The above table shows the responses regarding ITR filing. For statement 1, 73% of the respondents strongly agree that they file their ITR regularly. Statement 2 shows that most of the respondents 74% are aware of the documents required for tax filing and statement 3 shows a mixed response of the respondents regarding the penalties and interest of late filing of returns.
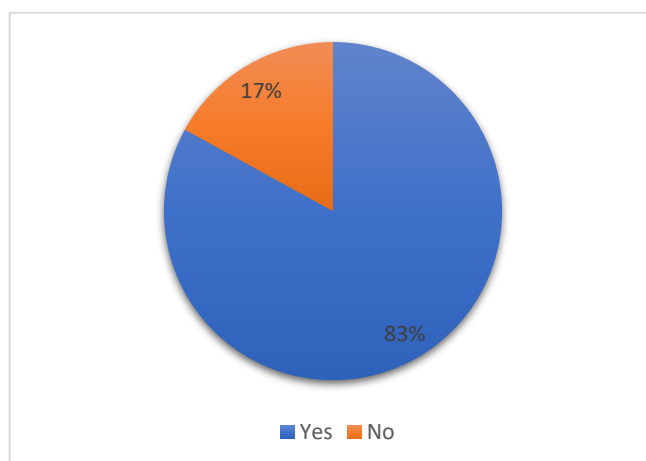
4.7.2 AWARENESS OF INCOME TAX SLAB RATE APPLICABLE TO SALARY.

TABLE 4.7.2 SHOWING INCOME TAX SLAB RATE APPLICABLE TO SALARY

Particulars	Number of Respondents	Percentage
Yes	83	83
No	17	17
Total	100	100

Source: Primary Data

FIGURE 4.7.2 SHOWING INCOME TAX SLAB RATE APPLICABLE TO SALARY

The above table, shows that 83% of respondents are aware of the income tax slab rates applicable to their salary, while 17% are not aware. This shows a high level of awareness among the majority of the respondents.
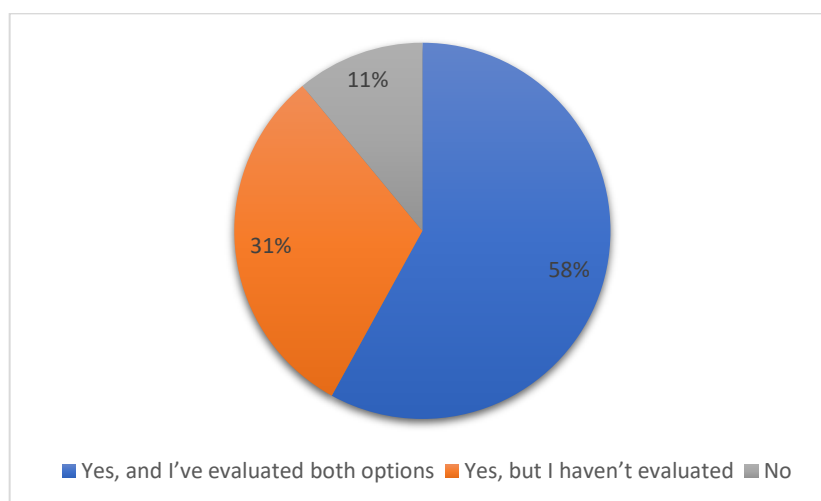
4.7.3 AWARENESS OF NEW TAX REGIME AND OLD TAX REGIME.

TABLE 4.7.3 SHOWING AWARENESS OF NEW TAX REGIME AND OLD TAX
REGIME

Particulars	Number of Respondents	Percentage
Yes, and I've evaluated both options	58	58
Yes, but I haven't evaluated	31	31
No	11	11
Total	100	100

Source: Primary Data

FIGURE 4.7.3 SHOWING AWARENESS OF NEW TAX REGIME AND OLD TAX REGIME

From the above table, it shows that 58% of respondents are aware of both the New Tax Regime and the Old Tax Regime and have evaluated both options while 31 % are aware of the two tax regimes but have not evaluated them in detail. Only 11% are unaware of the differences between the two tax regimes. This suggests that a majority of respondents are aware about the tax options available to them.,
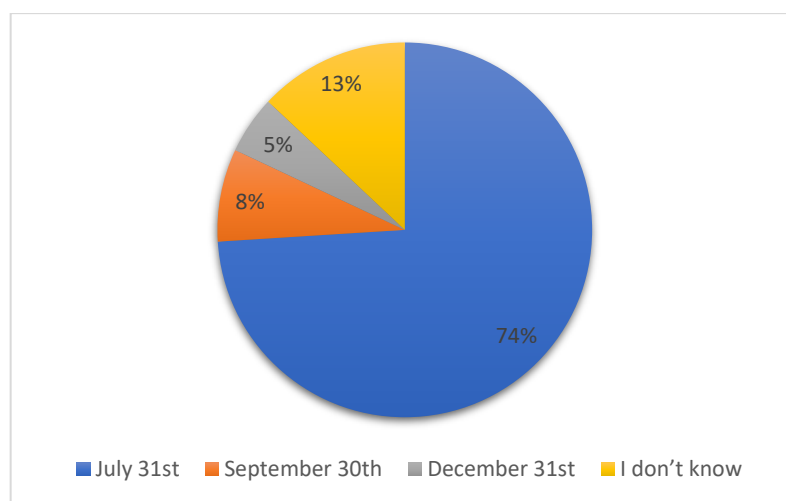
4.7.4 LAST DATE OF FILING INCOME TAX RETURN (ITR)

TABLE 4.7.4 SHOWING LAST DATE OF FILING INCOME TAX RETURN (ITR)

Particulars	Number of Respondents	Percentage
July 31st	74	74
September 30th	8	8
December 31st	5	5
I don't know	13	13
Total	100	100

Source: Primary Data

FIGURE 4.7.4 SHOWING LAST DATE OF FILING INCOME TA RETURN (ITR)

From the above table it shows that 74% of the respondents are aware that the deadline to file Income Tax Return (ITR) is July 31st. However, a smaller percentage of respondent believe the deadline to be September 30th and December 31st and 13% are not aware of the correct deadline. This shows that while most are well informed, there is still some confusion or lack of awareness among a small group of respondents.
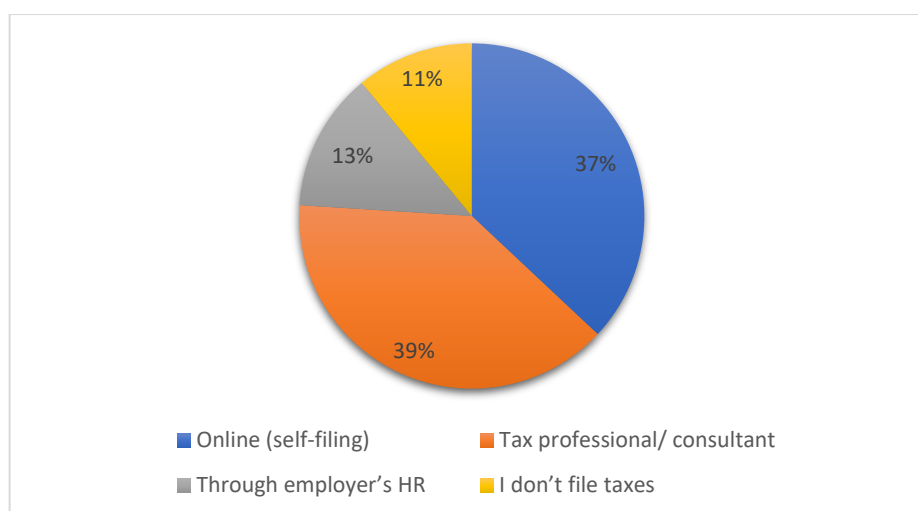
4.7.5 TAX FILING METHOD

TABLE 4.7.5 SHOWING WAY OF FILING OF TAXES

Particulars	Number of respondents	Percentage
Online (self-filing)	37	37
Tax professional/ consultant	39	39
Through employer's HR	13	13
I don't file taxes	11	11
Total	100	100

Source: Primary Data

FIGURE 4.7.5 SHOWING WAY OF FILING OF TAXES

The above table shows that the most common methods of filing taxes among respondents are through a tax professional or consultant 39% and 37% by online self-filing. A smaller percentage ,13% rely on their employers HR department to file their taxes and 11% of respondents do not file taxes at all. This shows that most people prefer either professional assistance or handle the filing process themselves, while fewer utilize their employers HR services for tax filing.
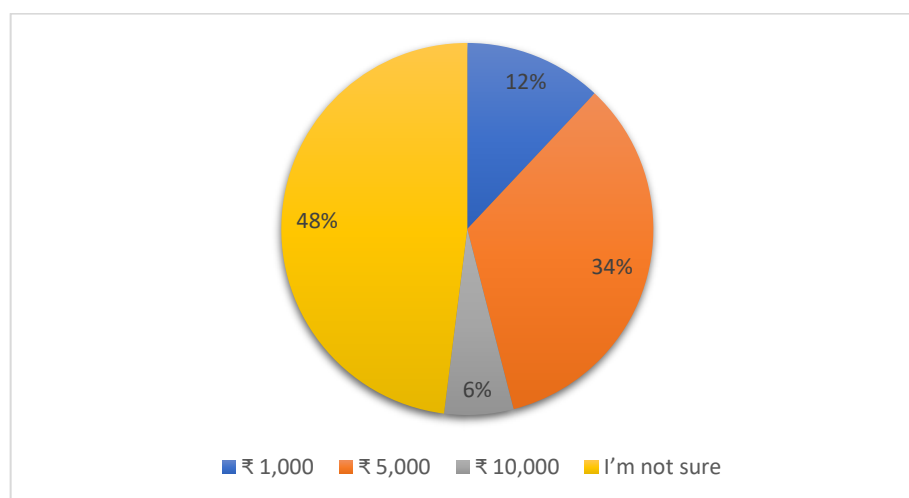
4.7.6 MAXIMUM PENALTY FOR LATE TAX FILING

TABLE 4.7.6 SHOWING MAXIMUM PENALTY AMOUNT PAYABLE

Particulars	Number of Respondents	Percentage
₹1,000	12	12
₹5,000	34	34
₹10,000	6	6
I'm not sure	48	48
Total	100	100

Source: Primary Data

FIGURE 4.7.6 SHOWING MAXIMUM PENALTY AMOUNT PAYABLE

The above table shows that only 34% of respondents are aware of the correct penalty chargeable of late filing of ITR i.e., ₹5,000, while 12% think it is ₹1,000 and 6% believe its ₹10,000. About 48% of respondents are unsure about the maximum penalty for not filing income tax returns on time. This indicates that only some respondents are aware of the correct penalty, many are unsure about the correct date of filing late.
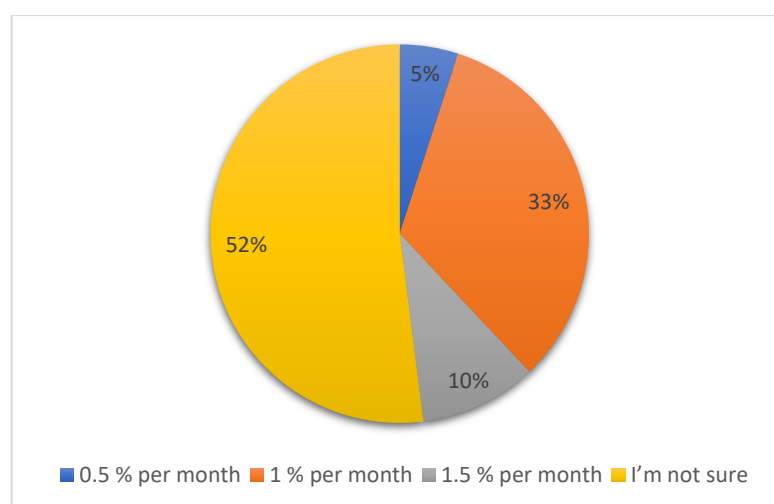
4.7.7 INTEREST RATE FOR LATE TAX PAYMENT IN INDIA

TABLE 4.7.7 SHOWING INTEREST CHARGED FOR LATE PAYMENT

Particulars	Number of Respondents	Percentage
0.5 % per month	5	5
1 % per month	33	33
1.5 % per month	10	10
I'm not sure	52	52
Total	100	100

Source: Primary Data

FIGURE 4.7.7 SHOWING INTEREST CHARGED FOR LATE PAYMENT

The above table shows that only 33% of respondents are aware of the correct interest rate charged for late payment of income tax (1%) and while 5% think it is 0.5% and 10% think its 1.5%. About 52% of the respondents are unsure of the interest rate charged, indicating a lack of awareness.

4.7.78 INCOME THRESHOLD FOR TAX EXEMPTION (BELOW 60 YEARS)

TABLE 4.7.8 SHOWING INCOME THRESHOLD LIMIT FOR TAX EXEMPTION OF SALARIED INDIVIDUALS (BELOW 60YEARS)

Particulars	Number of Respondents	Percentage
₹ 1,00,000	8	8
₹ 2,50,000	29	29
₹ 3,00,000	34	34
₹ 5,00,000	29	29
Total	100	100

Source: Primary Data

FIGURE 4.7.8 SHOWING INCOME THRESHLOD LIMIT FOR TAX EXEMPTION OF SALARIED INDIVIDUALS (BELOW 60 YEARS)
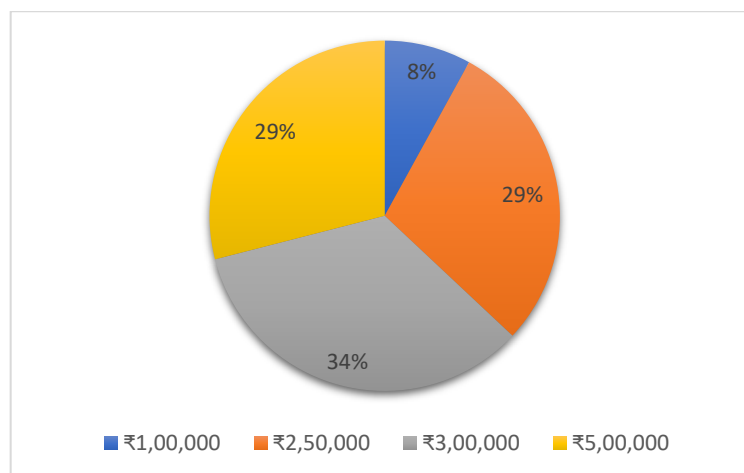
From the above table, it shows that 34% of respondents consider ₹3,00,000 as the exemption limit, which associates with the income threshold limit under the new tax regime. And about 29% of the respondents consider ₹2,50,000 which is below under both the old and new tax regime as the exemption limits.

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4.7.9 SEQUENCE OF AUTHORITIES FOR INCOME TAX DISPUTE RESOLUTION

TABLE 4.7.9 SHOWING CORRECT SEQUENCE OF AUTHORITIES TO RESOLVE INCOME TAX DISPUTES FOR SALARIED INDIVIDUALS

Particulars	Number of Respondents	Percentage
Assessing Officer - Commissioner of Income Tax (Appeals) - High Court - Supreme Court - Income Tax Appellate Tribunal	14	14
Assessing Officer - Commissioner of Income Tax (Appeals) - Income Tax Appellate Tribunal - High Court - Supreme Court	69	69
Commissioner of Income Tax (Appeals) - Income Tax Appellate Tribunal - Assessing Officer - Supreme Court - High Court	7	7
Income Tax Appellate Tribunal - Commissioner of Income Tax (Appeals) - High Court - Supreme Court - Assessing Officer	10	10
Total	100	100

Source: Primary Data

FIGURE4.7.9 SHOWING CORRECT SEQUENCE OF AUTHORITIES TO RESOLVE INCOME TAX DISPUTES FOR SALARIED INDIVIDUALS
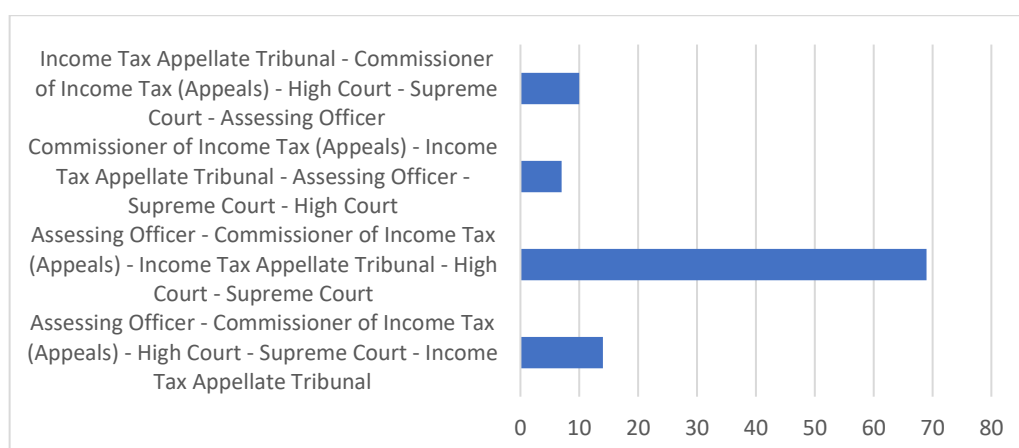
The above table shows that 69% of the respondents are aware of the order in which to solve an income tax dispute. It starts with the Assessing Officer, then it is taken to the Commissioner of Income Tax (Appeals), then comes the Income Tax Appellate Tribunal (ITAT), then the High Court, and finally it comes to the Supreme Court.

4.7.10 INITIATIVES RECOMMENDED TO INCREASE AWARENESS AMONG SALARIED EMPLOYEES

TABLE 4.7.10 SHOWING INITIATIVES RECOMMENDED TO INCREASE AWARENSS AMONG SALARIED EMPLOYEES

Particulars	Number of Respondents	Percentage
Workshops/seminars	18	18
Digital awareness campaign	33	33
Employee-facilitated assistance	20	20
Interactive online tools	12	12
Simplified documentation support	15	15
Feedback mechanism	1	1
Other	1	1
Total	100	100

Source: Primary Data

FIGURE4.7.10 SHOWING INITIATIVES RECOMMENDED TO INCREASE AWARENESS AMONG SALARIED INDIVIDUALS
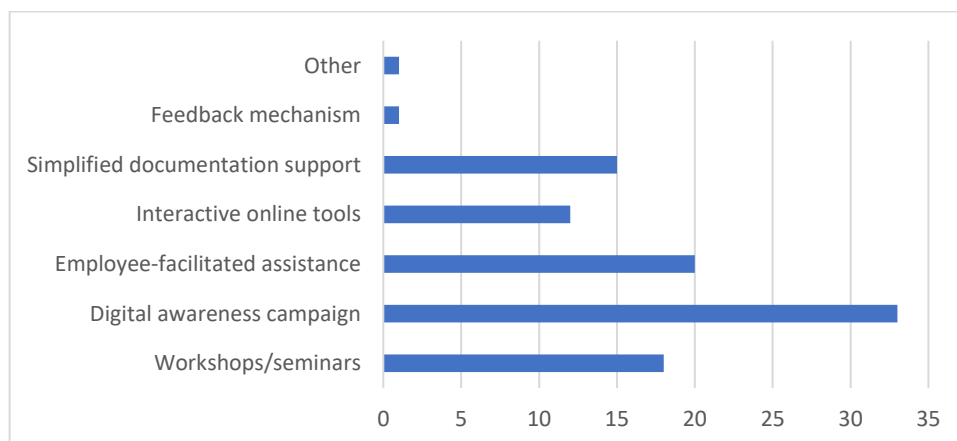
The above table shows that 33% of the respondent recommend digital awareness campaign. Followed by workshops/seminars 18%, employee facilitated assistance 20%, simplified documentation support 15% and interactive online tools 12%. While feedback system and other methods received minimal support. This indicates that employees suggest digital solutions to improve their understanding of tax related matters**.**

4.8 TAX PLANNING

4.8.1 TAX PLANNING IN FINANCIAL GOALS

TABLE 4.8.1 SHOWING TAX PLANNING

Particulars	Number of Respondents	Percentage
Yes	70	70
No	30	30
Total	100	100

Source: Primary Data

FIGURE 4.8.1 SHOWING TAX PLANNING
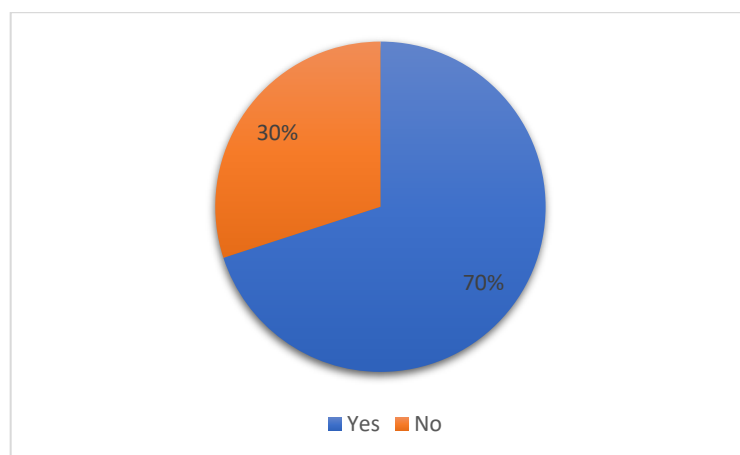
From the above table shows that 70% of the respondents include tax planning in their financial goals. However, 30% of respondents doesn't consider tax planning. This suggests that more attention should be given to tax planning to help people make the most of their finances.

4.8.2 CONSULTATION OF A FINANCIAL PLANNER OR TAX ADVISOR TO OPTIMIZE TAXES

TABLE 4.8.2 SHOWING CONSULTATION OF A FINANCIAL PLANNER OR TAX ADVISOR TO OPTIMIZE TAXES

Particulars	Number of Respondents	Percentage
Yes	41	41
No	59	59
Total	100	100

Source: Primary Data

FIGURE 4.8.2 SHOWING CONSLUTATION OF A FINANCIAL OLANNER OT TAX ADVICOR TO OPTIMIZE TAXES
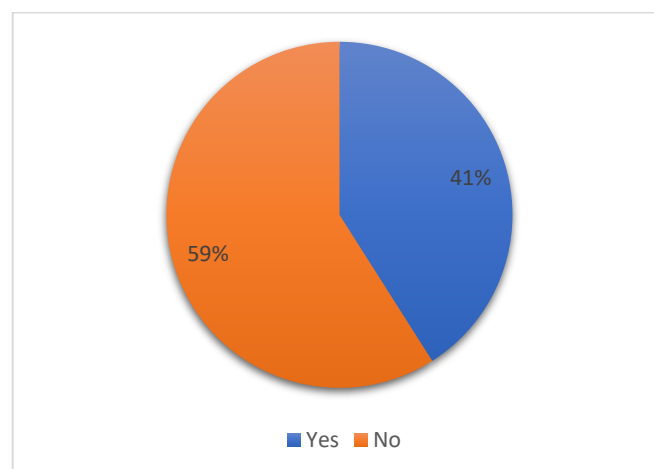
The above table shows that 59% of the respondents don't consult a financial planner or tax advisor to optimize their taxes, while 41% have taken professional advice.

4.8.3 FORMULATION OF TAX PLAN DURING A FINANCIAL YEAR

TABLE 4.8.3 SHOWING FORMULATION OF TAX PLAN DURING A YEAR

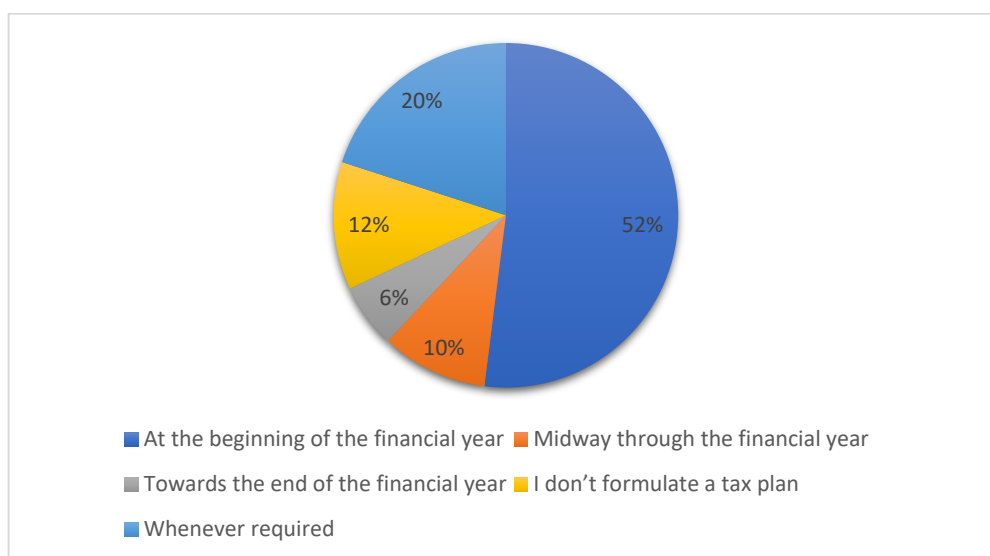| Particulars	Number of Respondents	Percentage
At the beginning of the financial year	52	52
Midway through the financial year	10	10
Towards the end of the financial year	6	6
I don't formulate a tax plan	12	12
Whenever required	20	20
Total	100	100

Source: Primary Data

FIGURE 4.8.3 SHOWING FORMULATION OF TAX PLANNING DURING A YEAR

The above table shows that 52% of the respondents formulate their tax plan at the beginning of the year while 20% of the respondents make their tax plan whenever required. A smaller percentage plans at the middle of the financial year (10%) or towards the end of the financial year (6%). About 12% of the respondents do not prepare a tax plan.
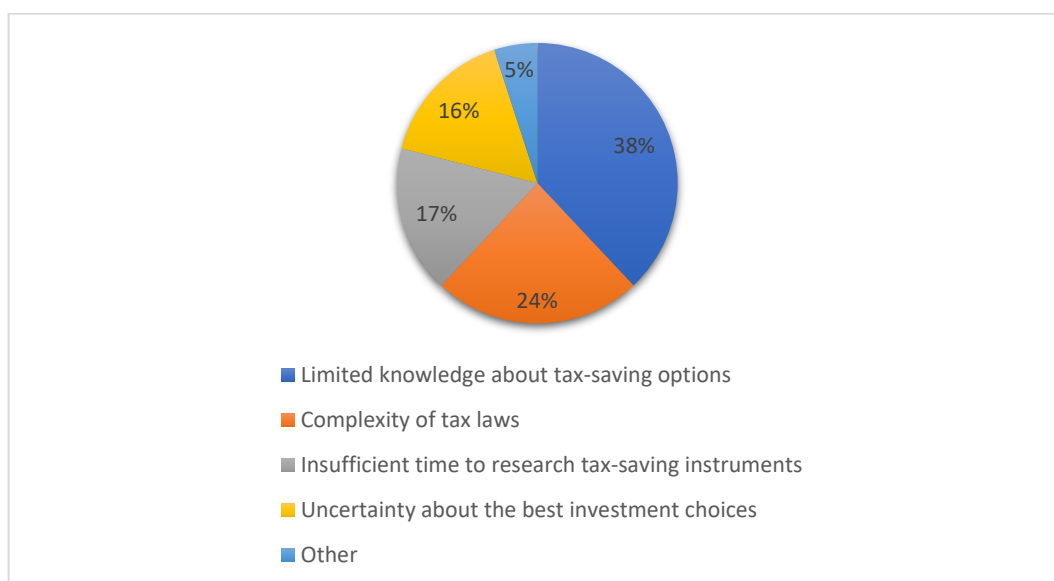
4.8.4 CHALLENGES IN TAX PLANNING

TABLE 4.8.4 CHALLENGES IN TAX PLANNING

Particulars	Number of Respondents	Percentage
Limited knowledge about tax-saving options	38	38
Complexity of tax laws	24	24
Insufficient time to research tax-saving instruments	17	17
Uncertainty about the best investment choices	16	16
Other	5	5
Total	100	100

Source: Primary Data

FIGURE4.8.4 SHOWING CHALLENGES IN TAX PLANNING

The data shows that 38% of respondents face challenges in tax planning due limited knowledge about tax saving options and 24% consider the complexity of tax laws as a challenge. 17% respondents have insufficient time to research tax saving instruments and 16% are not sure of the best investment choices. Alos 5% face other challenges meaning there are other factors influencing tax planning.

4.8.5 INCOME SAVED AS A PART OF TAX PLANNING

TABLE 4.8.5 SHOWING INCOME SAVED FOR TAX PLANNING IN A YEAR

Particulars	Number of Respondents	Percentage
Less than 10%	43	43
10% to 30%	41	41
30% to 50%	6	6
More than 50%	-	-
I do not save any income	10	10
Total	100	100

Source: Primary Data

FIGURE4.8.5 SHOWING INCOME SAVED FOR TAX PLANNING IN A YEAR
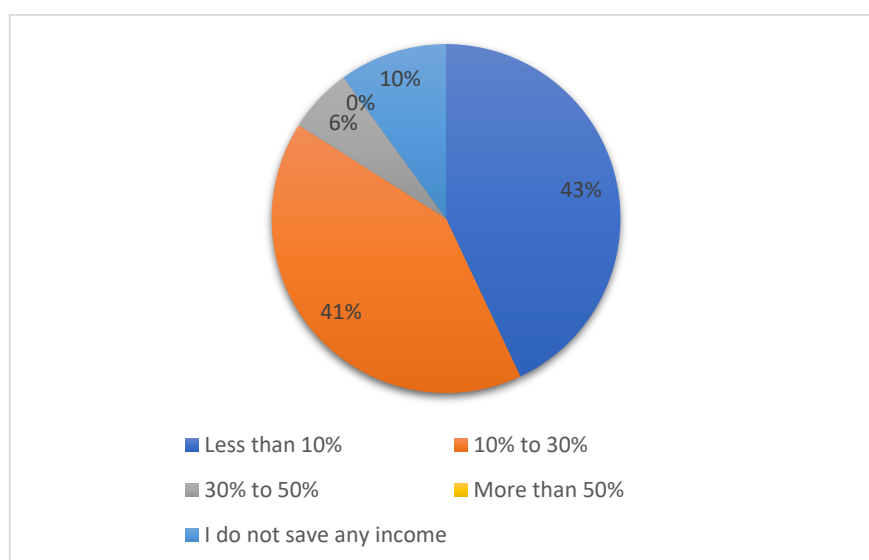
The above table shows that 43% of the respondents save less than 10% of their income as a part of tax planning, while 41% save between 10% and 30%. A small percentage 6% save between 30% to 50% and about 10% of the respondents doesn't save any income. Therefore, it shows the different levels of commitment to tax planning among respondents.

4.9 TAX SAVING INSTRUMENTS

**4.9.1 TAX SAVING INSTRUMENTS CURRENTLY USING (SELECT ALL THAT APPLY)**

TABLE 4.9.1 SHOWING TAX SAVING INSTRUMENTS

Particulars	Number of Respondents	Percentage
Pubic Provident Fund (PPF)	21	21
Employees Provident Fund (EPF)	49	49
National Pension Scheme (NPS)	15	15
Life Insurance Premiums	74	74
Tax Saving Fixed Deposits (FD)	17	17
Equity linked Savings Scheme	7	7
Other 5-year Fixed Deposit with Banks	11	11
Other	5	5
Total	100	100

Source: Primary Data

FIGURE 4.9.1 SHOWING TAX SAVING INSTRUMENTS
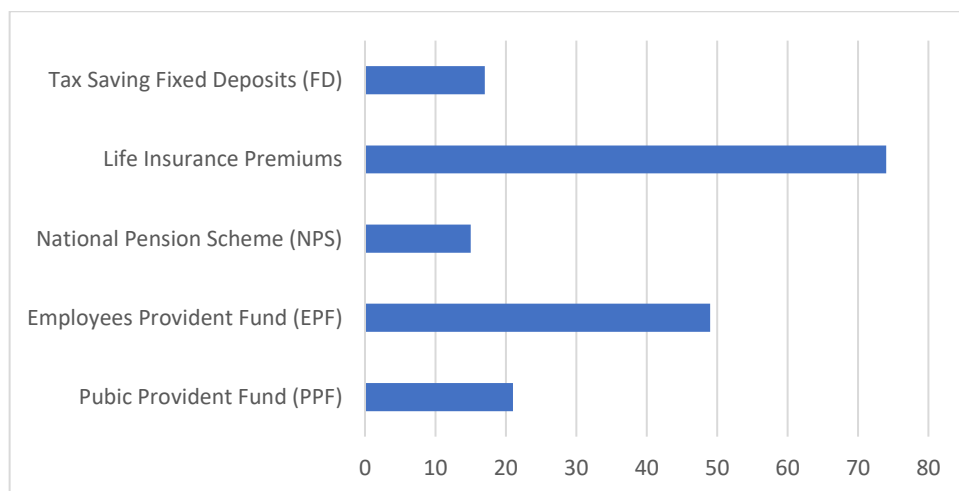
The above data shows that 74% of respondents use Life Insurance Premiums as a tax saving instrument.49% use Employees Provident Fund and 21% in Public Provident Fund. About, 5% of respondents stated other tax saving options. This shows most of them prefer traditional tax saving instruments that offer stable returns and tax benefits such as life insurance and EPF.

4.9.2 DEDUCTIONS AVAILED UNDER THE INCOME TAX ACT

TABLE 4.9.2 SHOWING DEDCUTIONS AVAILED UNDER THE INCOME TAX ACT

Particulars	Number of Respondents	Percentage
Deductions for contributions to the Employee Provident Fund (EPF) under (Sec 80C)	52	52
Deduction for interest on an education loan under (Sec 80E)	11	11
Deduction for health insurance premiums under (Sec 80D)	55	55
Deduction for contributions to the National Pension Scheme (NPS) under (Sec 80CCD)	13	13
All of the above	13	13
Total	100	100

Source: Primary Data

FIGURE4.9.2 SHOWING DEDUCTIONS AVAILABLE UNDER THE INCOME TAX ACT
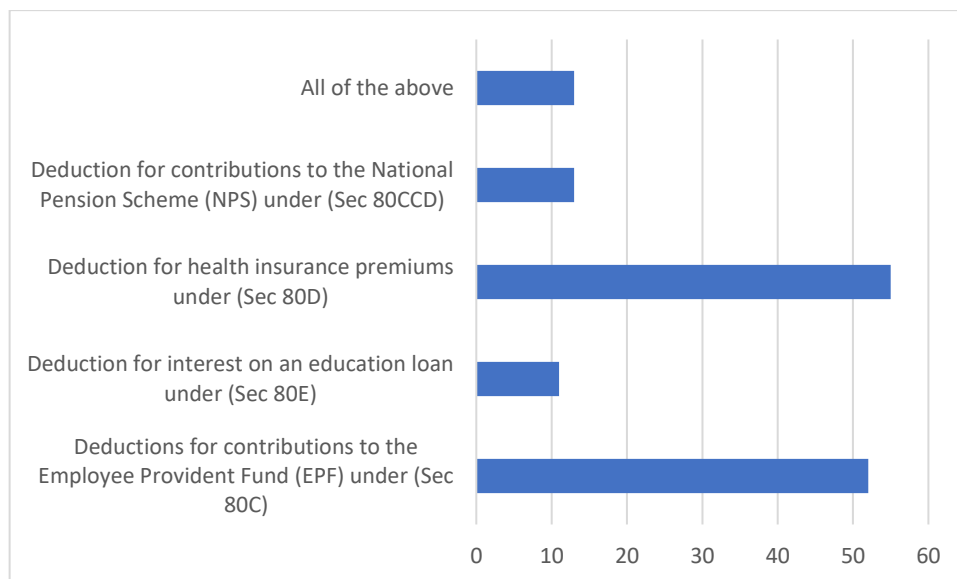
The above data shows that 55% of respondents claim deductions for health insurance premium under Section 80D. 52% of respondents use deductions for contribution to Employee Provident Fund (EPF) under Section 80C. 11% use the deductions for interest on loan under Section 80E and 13% use the deductions for contribution to National Pension Scheme under Section 80CCD. About 13% of respondents use all the above deductions. This shows that Health insurance and EPF are the most popular tax saving options among individuals.

4.9.3 FACTORS CONSIDERED WHILE CHOOSING TAX SAVING INSTRUMENT. IN TERMS OF PRIORITY FROM FIRST TO LAST.

TABLE 4.9.3 SHOWING FACTORS CONSIDERED WHILE CHOOSING TAX SAVING INSTURMENT

Particulars	Number of Respondents	Percentage
Tax benefits ➔ Rate of return ➔ Risk factors ➔ Lock-in period ➔ Liquidity	40	40
Tax benefits ➔ Rate of return ➔ Lock-in period ➔ Risk factors ➔ Liquidity	29	29
Rate of return ➔ Tax benefits ➔ Risk factors ➔ Lock-in period ➔ Liquidity	11	11
Rate of return ➔ Risk factors ➔ Tax benefits ➔ Lock-in period ➔ Liquidity	6	6
Tax benefits ➔ Liquidity ➔ Rate of return ➔ Risk factors ➔ Lock-in period	14	14
Total	100	100

Source: Primary Data

FIGURE 4.9.3 SHOWING FACTORS CONSIDERED WHILE CHOOSING TAX SAVING INSTRUMENT
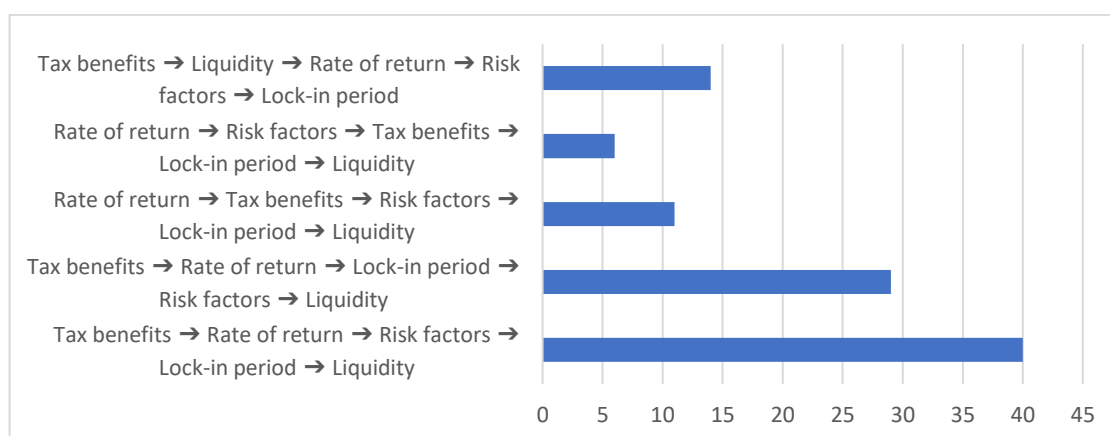
The above table shows that 40% of respondents choose tax benefits first, followed by rate of return, risk factors, lock in period, and liquidity when choosing a tax saving instrument. 29% of the respondents choose tax benefits first, followed by rate of return, lock in period, risk factors and liquidity. About 14% also consider tax benefits first, but place liquidity as the second factor followed by other factors. Thus, the data shows that the tax benefits are the most important factor for the majority of the individuals while choosing a tax saving instrument.

4.9.4 ADVICE SEEDED WHILE CHOOSING TAX SAVING INSTRUMENT

TABLE 4.9.4 SHOWING ADVICE SEEKED WHILE CHOOSING TAX SAVING INSTRUMENT

Particulars	Number of Respondents	Percentage
Tax professional / advisor	42	42
Family members or friends	18	18
Colleagues	8	8
Online resources or articles	11	11
I make the decision on my own	21	21
Total	100	100

Source: Primary Data

FIGURE 4.9.4 SHOWING ADVICE SEEKED WHILE CHOOSING TAX SAVING INTRUMENT
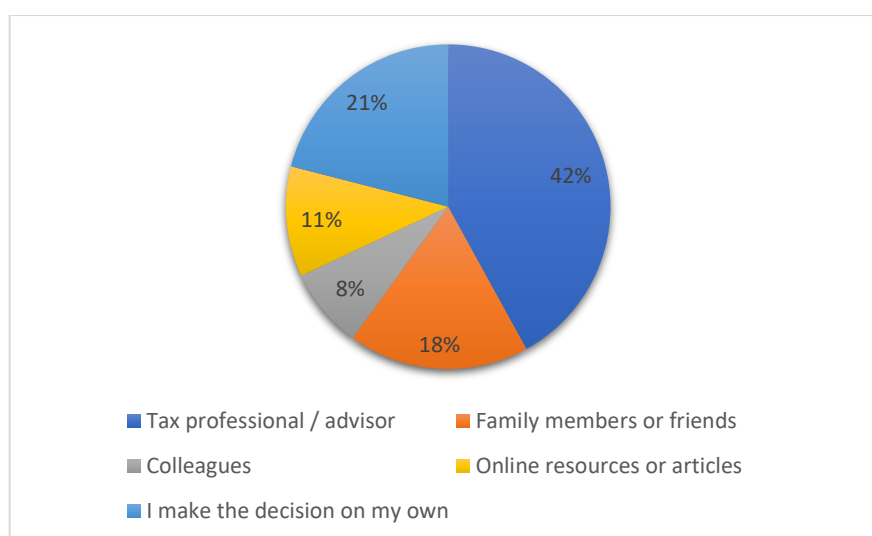
The above table shows that data about 42% of respondents take advice from a tax professional/ advisor when choosing a tax saving instrument. 21% take the decision of their own and 18% take the help of family members or friends.

CHAPTER 5
FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1 FINDINGS

- Majority of the individuals are aware of the income tax slab rates applicable to their salary, indicating a strong understanding of tax implications.

- The findings show that a majority of respondents are aware of the New and Old Tax Regimes, as most of them have evaluated both the option.

- It shows that respondents are aware of the ITR filing deadline is July 31st, while a few do not, indicating some confusion among a small group.

- The results show that the majority of respondents favour hiring a tax professional for filing, followed by online self-filing, with only a small number depending on their employer's HR department.

- The findings show that only a few numbers of respondents are aware of the correct late filing penalty amount of ₹5000, highlighting a lack of awareness about the consequences of late ITR submission.

- The results show that only a few respondents are aware of the accurate interest rate (1%) for late payment, while most are unaware, indicating a gap of awareness among the respondents.

- The results show that 34 of respondents consider ₹300000 as the exemption threshold limit under the new tax regime, while 29 consider it as ₹250000.

- The findings show that most of respondents are aware of the correct order for resolving an income tax dispute.

- It shows that some of the respondents suggest digital awareness campaigns to enhance tax awareness, preferring a mix of interactive methods like workshops, employee assistance and digital tools for better understanding.

- The findings show that majority of the respondents consider tax planning as part of their financial goals, while 30 do not, which suggests a need for more focus on tax planning to improve financial management.

- The results indicate that majority of the respondents do not seek the help of a financial planner or tax advisor, highlighting that majority manage their taxes on their own.

- The finding shows that most of the respondents formulate their tax plan at the beginning of the year, while some don't plan at all, indicating a need for increased awareness about the importance of early and consistent tax planning.

- The results show that few of the respondents face challenges in tax planning because of limited knowledge of tax saving options.

- The results indicate that 43 of respondents save under 10% of their income through tax planning, while 10% do not save at all, highlighting varying levels of commitment to tax saving measures.

- The results indicate that a majority of respondents prefer traditional tax-saving instruments. About 74% use Life Insurance Premiums, 49% use Employees Provident Fund, and 21% use Public Provident Fund. This suggests that individual's prefer secure and reliable investment options that offer consistent returns along with tax-saving benefits.

- The findings show that most of the respondents claim deductions for Health insurance under Sec 80D and for EPF under Sec 80C, indicating that health insurance and EPF are the most popular tax saving option.

- The results shows that the majority of respondents prioritize tax benefits when selecting a tax saving instrument.

- The findings show that 42 of respondents seek advice from tax professional when choosing a tax saving instrument, indicating a strong preference for expert guidance in tax decision-making.

5.2 RECOMMENDATIONS

- Since 34% are aware about of the late filing penalty and others unaware of the late payment interest rate, there is a need for more focused campaigns to raise awareness on these aspects to prevent penalties and interest.

- With only 52% of the respondents make tax plans at the beginning of the year, it is important to encourage early tax planning workshops or seminars, to emphasize the benefits of starting early for better tax savings.

- Since 33% of respondents suggest digital awareness campaigns, the government or financial institutions can implement interactive digital platforms like apps or webinars to provide more information on tax related matters.

- With 59% of respondents not consulting a financial planner or tax advisor, financial organizations and tax professionals could offer affordable or free consultations to motivate more individuals to seek expert advice for more improved tax planning.

- Since most people use traditional options like Life Insurance and EPF, financial literacy programs should highlight lesser-known options such as Equity Linked Savings Scheme, National Provident Scheme, and tax-saving mutual funds. This would help to diversify tax-saving strategies and potentially offer better returns.

- Some respondents face challenges in tax planning due to a lack of knowledge. Organizing awareness programs in workplaces and educational institutions, can help address this issue by providing basic tax education and individual assistance.

5.3 CONCLUSION

After conducting the study on tax awareness and tax planning among salaried individuals in Ernakulam city it provided key insights into how people understand and apply tax concepts. It was found that while most individuals are familiar with basic concepts, many still have limited knowledge about the various tax planning options that could help improve their financial situation.

It was found that many respondents are unaware of penalties for late penalties of late filing, interest rates on overdue payments and the specific tax exemptions across different tax regimes. The results indicate a need for an improved education and awareness programs among the respondents. Also, it was found that many salaried individuals rely on older and conventional tax saving options such as Life Insurance Premiums, Employee Provident Fund (EPF) and Pubic Provident Fund (PPF). Majority of the respondents seek guidance from a tax professional when selecting a tax saving instrument, indicating a strong preference for expert advice in tax-related decisions.

Thus, it was found that a majority of individuals are aware and have basic information regarding some tax concepts, but there is need for training and professional guidance regarding areas of tax saving schemes, penalties and tax planning among salaried individuals. Raising public awareness through digital marketing, seminars and educational programs would help them to make good tax decisions and thereby improve their financial situation.

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ANNEXURE

QUESTIONNAIRE

Age:

- Below 25
- 25 - 35
- 36 - 45
- 46 - 60
- Above 60

Gender:

- Male
- Female

Educational Qualification:

- Below Graduation
- Graduation
- Post-Graduation
- Doctorate
- Other

Annual Income:

- Below ₹2,50,000
- ₹2,50,000 - ₹5,00,000
- ₹5,00,000 - ₹8,00,000
- ₹8,00,000 - ₹12,00,000
- Above ₹12,00,000

Occupation:

- Administrative/ Management
- Technical / Engineering
- Creative / Design
- Healthcare / Education
- Other

Employment Type

- Government Sector
- Private Sector
- Self-employed
- Other

TAX AWARENES

Please rate the following statements on a scale of 1 to 5, where 1 is "Strongly Agree" and 5 is (Strongly Disagree).

		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	I file my income tax returns (ITR) regularly.					
2	I am aware of the documents required to file my tax returns (e.g., Form 16, bank statements, investment proofs).					
3	I am aware of the penalties and interest of not filing my income tax returns by the deadline.					

Do you know your income tax slab rate applicable to your salary?

- Yes
- No

Are you aware of the New Tax Regime and how it differs from the Old Tax Regime?

- Yes, and I've evaluated both options
- Yes, but I haven't evaluated
- No

What is the last date by which you need to file your Income Tax Return (ITR)?

- July 31st
- September 30th
- December 31st
- I don't know

How do you usually file your taxes?

- Online (self-filing)
- Tax professional/ consultant
- Through employer's HR
- I don't file taxes

What do you think is the maximum penalty amount payable for failing to file income tax returns on time?

- ₹1,000
- ₹5,000
- ₹10,000
- I'm not sure

What do you think is the interest rate charged for late payment of income tax in India?

- 0.5 % per month
- 1 % per month
- 1.5 % per month
- I'm not sure

What is the income threshold limit below which salaried individuals (below 60 years of age) are not required to pay income tax?

- ₹ 1,00,000
- ₹ 2,50,000
- ₹ 3,00,000
- ₹ 5,00,000

Which is the correct sequence of authorities a salaried individual should approach to resolve an income tax dispute, starting from the initial stage to the highest authority?

- Assessing Officer - Commissioner of Income Tax (Appeals) - High Court - Supreme Court - Income Tax Appellate Tribunal
- Assessing Officer - Commissioner of Income Tax (Appeals) - Income Tax Appellate Tribunal - High Court - Supreme Court
- Commissioner of Income Tax (Appeals) - Income Tax Appellate Tribunal - Assessing Officer - Supreme Court - High Court
- Income Tax Appellate Tribunal - Commissioner of Income Tax (Appeals) - High Court - Supreme Court - Assessing Officer

What initiatives would you recommend to increase awareness among salaried employees?

- Workshops/seminars
- Digital awareness campaign
- Employee-facilitated assistance
- Interactive online tools
- Simplified documentation support
- Feedback mechanism
- Other

TAX PLANNING

Do you include tax planning in your financial goals?

- Yes
- No

Have you consulted a financial planner or tax advisor to optimize your taxes?

- Yes
- No

When do you formulate tax plan during a financial year?

- At the beginning of the financial year
- Midway through the financial year
- Towards the end of the financial year
- I don't formulate a tax plan
- Whenever required

What are the challenges you face in tax planning?

- Limited knowledge about tax-saving options
- Complexity of tax laws
- Insufficient time to research tax-saving instruments
- Uncertainty about the best investment choices
- Other

How much of your income do you save in a year as a part of tax planning?

- Less than 10%
- 10% to 30%
- 30% to 50%
- More than 50%
- I do not save any income

TAX SAVING INSTRUMENTS

Which of the following tax saving instruments are you currently using? (Select all that apply)

- Pubic Provident Fund (PPF)
- Employees Provident Fund (EPF
- National Pension Scheme (NPS)
- Life Insurance Premiums
- Tax Saving Fixed Deposits (FD)
- Equity linked Savings Scheme
- Other 5-year Fixed Deposit with Banks
- Other

Which of the following deductions as an individual you avail while paying income tax under the Income Tax Act?

- Deductions for contributions to the Employee Provident Fund (EPF) under (Sec 80C)
- Deduction for interest on an education loan under (Sec 80E)
- Deduction for health insurance premiums under (Sec 80D)
- Deduction for contributions to the National Pension Scheme (NPS) under (Sec 80CCD)
- All of the above

When choosing a tax saving instrument, which factors do you consider the most? Select these factors in terms of priority from first to last.

- Tax benefits ➔ Rate of return ➔ Risk factors ➔ Lock-in period ➔ Liquidity
- Tax benefits ➔ Rate of return ➔ Lock-in period ➔ Risk factors ➔ Liquidity
- Rate of return ➔ Tax benefits ➔ Risk factors ➔ Lock-in period ➔ Liquidity
- Rate of return ➔ Risk factors ➔ Tax benefits ➔ Lock-in period ➔ Liquidity
- Tax benefits ➔ Liquidity ➔ Rate of return ➔ Risk factors ➔ Lock-in period

Whose advice do you seek while choosing tax saving instrument?

- Tax professional / advisor
- Family members or friends
- Colleagues
- Online resources or articles
- I make the decision on my own