



**TAX PLANNING: A STUDY ON THE AWARENESS OF TAX PLANNING AMONG
THE WORKING WOMEN WITH REFERENCE TO MANGALURU TALUK**

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Abstract:

Tax planning is an important component of one's overall financial plan. There are proven strategies for reducing taxes for individuals. Tax planning is an arrangement of one's financial affairs in such a manner that without breaking up any law, full advantage is taken of all exemptions, deductions, rebate and reliefs allowed by law so that tax liability will be reduced. Tax planning is neither tax evasion nor tax avoidance. For an earning member efficient tax planning through knowledge of tax laws and investment opportunity is essential. As women are stepping out from the olden concept of just being a homemaker and projecting herself in all the respect, the role has been transformed from a mere homemaker to home maker cum bread earner. And the increasing number of working women makes Tax Planning merely indispensable part in their life.

The current study is an effort to evaluate the extent of awareness of the working women on various tax planning measures available under the Income Tax Act and to analyse the impact of tax planning on savings habits and investment of working women tax payers. The study also evaluates the tax planning measures being adopted by the working women. This is analyzed by using secondary data as well as primary data by taking working women tax payers of Mangaluru city as respondents.

Key words: *Tax planning, Working Women, Tax Planning Measures and Awareness.*

Introduction:

Tax planning is an essential part of our financial planning. As a tax payer and more importantly as a citizen it is crucial for one to have informed well researched understanding of the tax structure and its impact without breaking up any law and full advantages taken of all exemption, deductions, rebate and relief allowed by the law, so that tax liability will be reduced. Tax saving schemes in India the quantum of ITs can be somewhat reduced by investing smartly in tax saving schemes. There are multiple opportunities to reduce an individual tax burden by using the available scheme appropriately. There are various section of the IT act 1961 which deals with the tax deductions and exemptions such as 80C 80CCC 80CCD 80D 80CCF 80G 80E 80DDB 80U. Many public and private sector organizations provide a wide range of tax saving options for Indian residents. Tax payers normally turn away of their tax liability only towards the

end of the financial year. This leaves them with little option to invest or save with the available income.

Women in India are actively participating in all activities such as education, politics, media, science and technology and becoming financially independent. With the changing scenario women has started actively participated in investment of their surplus money for the tax planning purpose. Women today, have more earning potential and more influence over the financial decision than ever before. It becomes important for women to focus on tax planning, as a part of financial decision now more than ever. The real issue would relate to having awareness on the numerous provisions that would help in reducing the tax liability. The key issue is awareness about the income tax provisions as well as awareness about investment opportunities.

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Literature Review:

Manjunath (2015) has observed that lack of tax awareness, age group; income level and occupation are the important influencing component of the attitude of individual assessee towards tax savings instruments.

ChittaRanjan Sarkar (2004)¹² identified that the basic purpose of tax incentives in India was to motivate the tax payers to save and invest more, particularly in rural and backward areas of the country.

Srivasta (2017) researched and found that there are variety of investment options available in the market but a best investment option can be something which is beneficial to the individual assessee from the point of view of tax saving and wealth creation in future.

Sanjay Kanti Das (2011), +An Empirical Analysis on Preferred Investment Avenues among Rural and Semi) the objectives of the study was household preferred investment avenues; the level of income also influences the investment decisions. Higher income group shows relatively high preference towards investment in share market, conversely lower and average income group shows keen preference towards insurance and banks investment avenues.

Jain (2004)¹⁴ studied and compared the income tax provisions and various other aspects of income tax system in six countries, three developed (U.K., U.S., and Australia) and three developing countries (Malaysia, Pakistan and India).

Objectives:

- To evaluate the extent of awareness of the working women on various tax planning measures available under the Income Tax Act.
- To analyse the impact of tax planning on savings habits and investment of working women tax payers.
- To understand and evaluates the tax planning measures being adopted by the working women.

Research Methodology:

The study is analytical in nature. For the purpose of study both primary data and secondary data has been collected. The convenience sampling method is used to collect primary data out from individuals. The data collected from the sample respondents on various aspects has been organized in the graphical form. Such organized data has been analyzed with the help of different averages, percentages and hypothesis for easy understanding of the data and for drawing meaningful conclusion.

Limitations:

1. The sample size limited only to 80 respondents from Mangaluru D.K
2. Time was limited to conduct a detail study.
3. The sample size was confined to only 80 respondents therefore it is very difficult to give accurate judgment on the basis of this limited sample.

Data Analysis And Interpretation

Part - 1

Part - 1 of demographic profile consist of the working women chosen for the study of the respondents.

Criteria	Age		Marital Status		
	No.	%	Criteria	No.	%
20-30	8	10	Married	45	56
30-40	25	31	Unmarried	35	44
40-50	32	40			
50 and above	15	19			
Total	80	100		80	100

The part 1 reveals the demographic profile of working women tax payer. 40% of the respondents are of the age group 40-50 and 10% of employees are of the age group 20-30. Among the respondents 56% are of married and 44 % are of unmarried.

PART-2

Table 1: Status of the employee

Private	No.	%	Public	No.	%
Teacher/ Lecturers	9	30	Teacher/ Lecturers	28	56
Officers	6	20	Officers	12	24
Doctors/ Engineers	4	13	Doctors/ Engineers	-	-
Clerks/ Others	11	37	Clerks / Others	10	20
Total	30	100	Total	50	100

For the purpose of study 63% of public employees and 37 % of public employees are considered. Among the public employees 56% are of teachers and among the private employees 13% are of doctors/engineers.

Table 2: Annual income of respondent for the previous year 2017-18

Criteria	No.	%
2,50,000-5,00,000	20	25
5,00,000-10,00,000	38	48
10,00,000 and above	22	27
TOTAL	80	100

The study shows that 48% of the respondents are belong to the Tax slab of 5 lakh to 10 lakh and 27% of the respondents belong to Tax slab of more than 10 lakh.

Table 3: Extent of awareness about tax planning measures.

Awareness / Income level	Aware		Not aware		Neutral		Total
	No.	%	No.	%	No.	%	
250000-500000	4	5	6	8	10	13	20
500000-1000000	30	38	2	3	6	8	38
1000000 & above	22	27	0	0	0	0	22
Total	56		8		16		80

From the study it is observed that 10% of respondents of the income level of 250000-500000 are neutral about the awareness of tax planning measures and 3% of respondents of the income level of 500000-1000000 are not aware of tax planning measures, while 27% of respondents of the income level of 1000000 & above are having awareness about the tax planning measures.

Test of hypothesis:

Ho: There is no significant relationship between tax planning awareness and income level of respondents.

H1: There is significant relationship between tax planning awareness and income level of respondents.

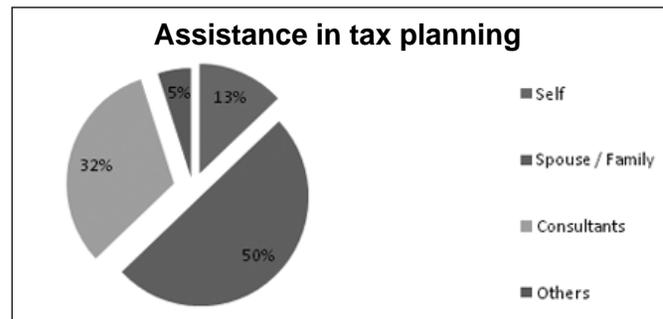
$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

The calculated Chi square value is 35.15 is greater than the critical chi square value at 5% level of significance and 4 degrees of freedom. Therefore reject H0 and accept H₁. So we conclude that there is significant relationship between tax planning awareness and income level of respondents.

Table 4: Assistance in tax planning.

Criteria	No.	%
Self	10	13
Spouse / Family	40	50
Consultants	26	32
Others	4	5
TOTAL	80	100

Chart 1: Assistance in tax planning

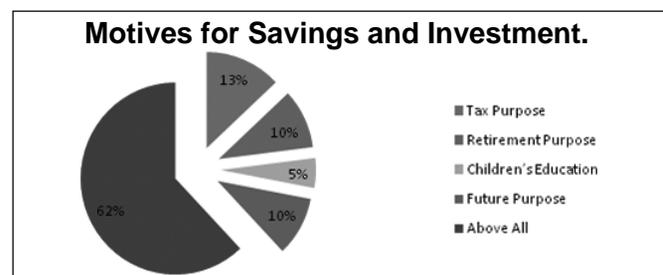


The study shows that most of the respondent that is 50% age of the respondents are taking the help of their spouse/ family and 32% of the respondents avail the help of consultants.

Table 5: Motives for Savings and Investment

Criteria	No.	%
Tax Purpose	10	13
Retirement Purpose	8	10
Children's Education	4	5
Future Purpose	8	10
Above All	50	62
TOTAL	80	100

Chart 2: Motives for Savings and Investment.



When the respondents were asked about the motives for Savings and investment 62% of the working women said that they have gone for Savings and investment for tax purpose, retirement purpose, future purpose as well as children's education and 13% of the respondents said that their motive is only tax purpose.

Table 6: Tax Planning measures adopted and awareness about that.

Criteria	Awareness				Tax Planning measures			
	YES No.	NO %	YES No.	NO %	No.	%	No.	%
PF	80	100	-	-	75	94	5	6
Life Insurance	74	93	6	7	70	88	10	12
House Loan Repayment	64	80	26	20	40	50	40	50



Criteria	Awareness				Tax Planning measures			
	YES No.	NO %	YES No.	NO %	No.	%	No.	%
%Tuition Fees	50	63	30	37	30	38	50	62
NSC	20	25	60	75	10	13	70	87
Deposited in 5 years Bank FD	30	38	50	62	28	35	52	65
KGID	25	31	55	69	25	31	55	69
Approved Mutual Fund	70	88	10	12	50	63	30	37
Infrastructure Bond	25	31	55	69	12	15	68	85
Medical Insurance Premium	70	88	10	12	65	81	15	19
Treatment disabled dependent	56	70	24	30	8	10	72	90
Specified diseases	40	50	40	40	2	3	78	97
Interest on Higher Education loan	60	75	20	25	30	38	50	62
Interest on SB/FD	80	100	-	-	80	100	-	-
TOTAL	80	100	80	100	80	100	80	100

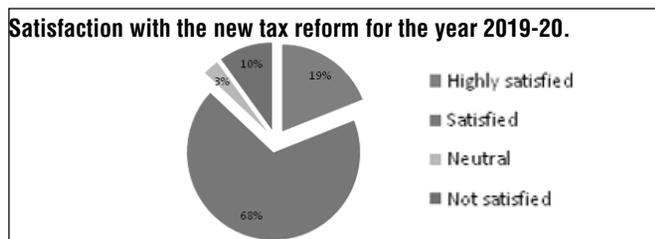
With regard to the question about the awareness of tax planning measures 100% of the respondents said that they are aware about PF, 93% of respondents aware about LIC. 31% of respondents are having awareness of KGID and it is also found that 88 percentage of the respondents are having awareness about the mutual fund.

On questioning the respondents about the tax planning measures, 50% of the respondents said that they adopted home loan repayment as a measure of tax planning and 94% and 88% of the respondents adopted PF and life insurance as a measure of tax planning respectively.

Table 7: Satisfaction with the new tax reform for the year 2019-20.

Criteria	No.	%
Highly satisfied	15	19
Satisfied	55	68
Neutral	2	3
Not satisfied	8	10
TOTAL	80	100

Chart 3: Satisfaction with the new tax reform for the year 2019-20.



On questioning the respondents regarding the satisfaction with the new Tax Reform for the year 2019-20, 68% of the respondents said that they are satisfied and 10% of the respondents said that they are not satisfied with a new tax reforms.

Major Findings:

- 27% of the respondents of income level of 1000000 & above are having awareness about the tax planning measures.
- 10% of respondents of the income level of 250000-500000 are neutral about the awareness of tax planning measures.
- 62% of the working women said that they have gone for Savings and investment for tax purpose, retirement purpose, future purpose as well as children's education.
- 100% of the respondents said that they are aware about PF, 93% of respondents aware about LIC.
- 50% of the respondents said that they adopted home loan repayment as a measure of tax planning and 94% and 88% of the respondents adopted PF and life insurance as a measure of tax planning respectively.
- 68% of the respondents said that they are satisfied with a new tax reform and 10% of the respondents said that they are not satisfied with a new tax reforms.

Suggestions:

Taxation is considered as a complex matter affecting the financial planning of tax payers. Employer should conduct various programmes in the organisation to make employees especially women employees to update their tax awareness. Income Tax Department should conduct various awareness programmes to enhance the knowledge of people towards tax planning, various investment schemes etc. And the tax is the main source of income for the government and the salaried class people paying tax regularly so the government can come forward to implement some of the welfare schemes.

Future Research:

The current study has its limitation in terms of geographical area i.e. Magaluru city and working women. There exists future scope for such studies by incorporating other geographical regions and other sample category.



Conclusion:

Tax planning is possible through appropriate savings and wise investment decision. The financial independence and the increased earnings of working women made them to have efficient tax planning. Even though working women taxpayers found to be cautious about the tax matter, but most of them are partly aware about the tax planning measures, deductions, rebate and relief. The income level of working women has a significant importance on the tax planning awareness.

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