
A study on income tax deduction and opinion in india

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Abstract: The research paper titled “The role of tax payers in India and the growth of Indian economy. The objective is to study the factors influencing the taxpayers perception towards the Indian tax system. Descriptive research is applied using a convenience method of sampling 80 respondents. The data is collected from taxpayers, employees, businessmen. The tools used here are mean analysis, frequency analysis, t-test, Anova and regression. It is found that the majority of the age group is 36-45 years. The objective of the study is to find out the measure cost of compliance with the income tax of Indian corporations. The allowances, deductions, exemptions, rebates and reliefs were given as per legal regulations according to the law.

Keywords: Tax payments, Deductions, Insurance premium, tax benefits, Entrepreneur.

INTRODUCTION

Income tax planning is the most important thing for a person who is earning money in day to day life and is liable to pay taxes for the amount of income he earns according to the income. A tax consultant cannot only be concerned about reducing the amount of tax paying on the income he earns but can save the amount of money and can do the market transactions in an efficient manner according to the taxes concerns of the amount he earns in annually. The income tax act was introduced in India in the year 1961 into existence after independence. The tax was Goods and Service Tax has helped in reforming the new tax system Reduces tax burden on producers and fosters growth through more production. The current taxation structure, pumped with myriad tax clauses, prevents manufacturers from producing to their optimum capacity and retards growth. GST will take care of this problem by providing tax credit to the manufacturers. Different tax barriers, such as check posts and toll plazas, lead to wastage of unpreserved items being transported.

The tax structure in India is divided into direct and indirect taxes. While direct taxes are levied on taxable income earned by individuals and corporate entities, the burden to deposit taxes is on the access themselves. On the other hand, indirect taxes are levied on the sale and provision of goods and services respectively and the burden to collect and deposit taxes is on the sellers instead of the access directly. Taxes in India are levied by the Central Government and the State Governments. Some minor taxes are also levied by the local authorities such as the Municipality and the Local Governments.

(A.C.Gomathi, S.R.Xavier Rajarathinam, A.Mohammed Sadiqc, Rajeshkumar, 2020; Danda et al., 2009; Danda and Ravi, 2011; Dua et al., 2019; Ezhilarasan et al., 2019; Krishnan and Chary, 2015; Manivannan, I., Ranganathan, S., Gopalakannan, S. et al., 2018; Narayanan et al., 2012, 2009; Neelakantan et al., 2013, 2011; Neelakantan and Sharma, 2015; Panchal et al., 2019; Prasanna et al., 2011; Priya S et al., 2009; Rajeshkumar et al., 2019; Ramadurai et al., 2019; Ramakrishnan et al., 2019; Ramesh et al., 2016; Venugopalan et al., 2014)

Currently we are working on Income tax. This paper attempts to study the Income tax deduction and opinion of tax payers in India.

REVIEW OF LITERATURE

(Rajendran, n.d.) Entrepreneurship is indispensable for the economic development of a country and the payments of tax. The emergence and development of entrepreneurship and tax payments is not the most easy one. Its emergence and development of the economy exclusively depends on the tax payments to the Govt available under the Income Tax Act 1961 and the Income Tax Rules, 1962, are beneficial to prospective entrepreneurs, investors and students.

(Sumesh, n.d.) Planning is important in everyone's life. We are using the different applications and methods of planning in our daily life knowingly or unknowingly. But not many of us are applying this planning in our financial matters, especially in connection Tax planning is also important to those who are liable to pay tax under the Income Tax Act 1961 in India.

(Kalgutkar, 2018) This research is related to personal findings of financial aspects of individual assesses. Tax awareness is the most important component of tax planning. In India, tax on personal income takes away the foremost part of earned income in day to day life.

(Sahoo, n.d.) the concept of taxation laws is to realize the revenue by way of tax to the maximum benefits. Therefore, the perception of total tax payer and total tax collector are different. The taxpayer spares no efforts in maximizing his profits and attracting the least minimum tax benefits.

(Reddy et al., 2020) The taxation structure of the country can play a very important role in the working of our economy and the income revenue to the finance department. The payment of tax is a moral obligation of each and every individual. Each assessee should know that revenue generated by government through taxes is used for the welfare of the economy.

(Undie et al., n.d.) the impact of planning for tax incentives, as applicable in Free Trade Zones, on the profitability of companies in the Free Trade Zones (FTZs). The work was based on the influence of exempt company income tax, exempt education tax, exempt urban development function of tax tax, exempt import duties.

(Piketty, 2015) India introduced an individual income tax with the Income Tax Act of 1922, under the British colonial administration. From this date, up to the turn of the 20th century, the Indian Income Tax Department.

(Dhongde and Epper, n.d.) This is too difficult for a mathematician. It takes a philosopher. The hardest thing in the world to understand is the income tax.” –Albert Einstein Tax Management. Tax Management is an activity conducted by the taxpayer to reduce the tax liability and maximize the use of all available deductions, allowances, exclusions, as per income tax act 1961.

(Chattopadhyay and Das-Gupta, 2002) This is the first study of compliance costs of income taxation of corporations in India. Compliance costs are the costs of meeting obligations under the income tax law and in planning to save taxes. Tax deductibility of legal expenses and cash flow benefits from the timing difference between taxable income and payment of tax result in net compliance costs.

(Kaushik, 2012) Individual income tax is a subject matter of the central govt. If an individual wants to assess his/her income tax then he/she should have knowledge of individual income tax structure. income tax after deduction of saving and doing other adjustments. The tax department took great care to plan the tax structure not only with the aspect to widen the income tax .

Our research idea is based on the rich knowledge acquired by our peer teams across the university.

METHODOLOGY AND ANALYSIS

The study will be conducted with reference to the data related to income tax and a study on deductions and opinion in india. Questionnaire with, demographic profile, dimensions of level of awareness and opinion of income tax. The sample has collected up to 80 tax payers, employees and business mens. . Collected data analysed using frequency, mean, factor and variance.

The sample profile of the study is represented through the following data.

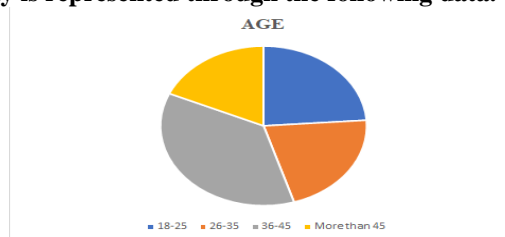


Fig.1: shows the frequency analysis of Gender. From the table it is clear that the majority of the respondents are Male (71.3%) and female respondents are (28.7 %).

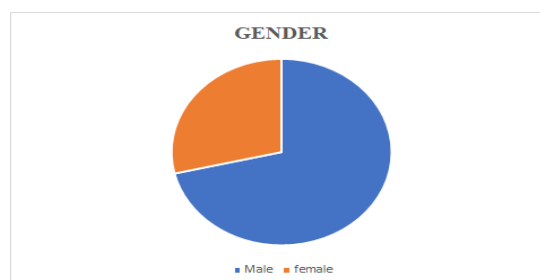


Fig.2: shows the frequency analysis of Gender. From the table it is clear that the majority of the respondents are Male (71.3%) and female respondents are (28.7 %).

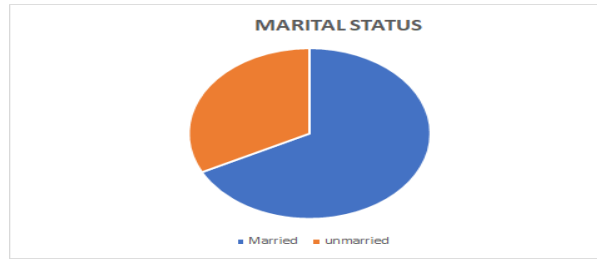


Fig.3: shows the frequency marital status respondents. It is clear from the table the majority of the respondents are married (67.5%) followed by unmarried (32.5%). It is inferred that the majority of taxpayers use tax consultants.

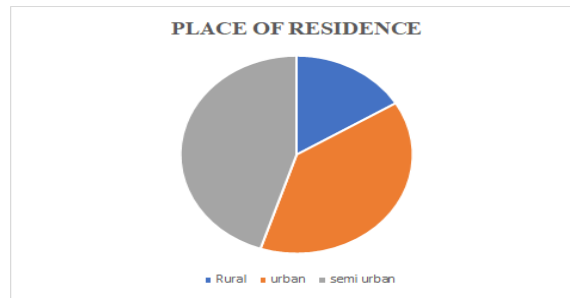


Fig.4: shows the frequency analysis of place of residence of taxpayers. It is clear from the table that the majority of respondents are semi urban (45.0%) followed by urban (38.8%) followed by rural (16.3%). It is inferred from the table that the majority of the respondents are semi urban.

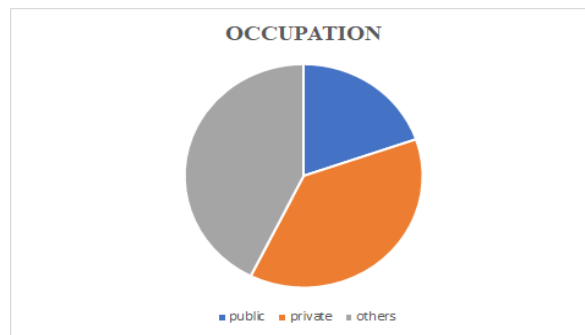


Fig.5: shows the frequency analysis of the respondents. It is clear from the table the majority of the respondents are often (28.7%) followed by occasionally (23.8%) followed by rarely(23.8%) followed by never (23.8%). It is inferred that the majority of taxpayers use tax consultants often.

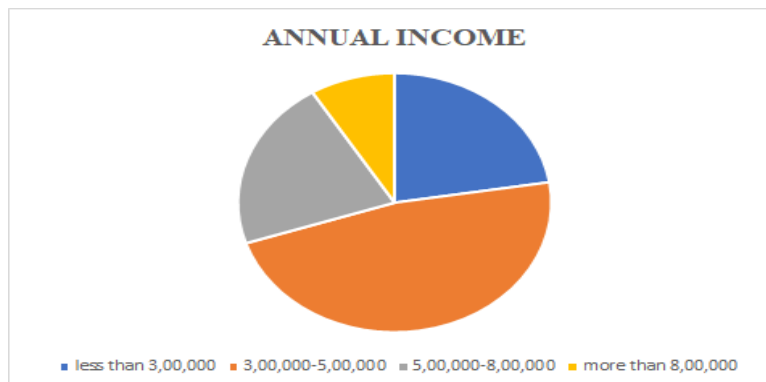


Fig.6: shows the frequency analysis of the respondents. It is clear from the table the majority of the respondents are in 3,00,000-5,00,000 (47.5%) followed by <3,00,000 (22.5%) followed by 5,00,000-8,00,000 (21.3%). It is inferred that the majority of annual income of respondents are 3,00,000-5,00,000

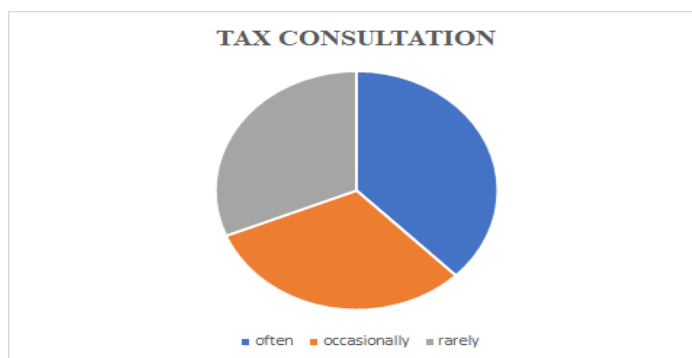


Fig.7: shows the frequency of Tax consultation of respondents. It is clear from the table the majority of the respondents are in often (28.7%) followed by Occasionally (23.8%) followed by Rarely (23.8%) followed by Never (23.8%). It is inferred that the majority of tax payers use tax consultants often.

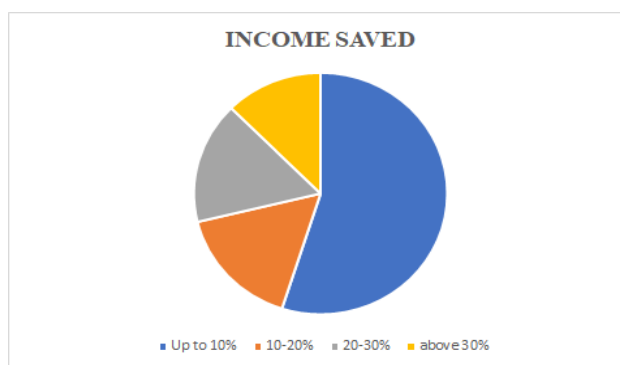


Fig.8: shows the frequency Income saved of respondents. It is clear from the table the majority of the respondents are in up to 10%(55.0%) followed by 20-30% (16.3%) followed by 10-20% (16.3%) followed by Above 30% (12.5%). It is inferred that the majority of taxpayers is Up to 10%.

Table 1: Perception of Level of Awareness based on Income tax payers Deduction

S.No	Dimensions of Level of Awareness among the taxpayers	Mean	Rank
1	Professional tax	3.97	4
2	Interest	3.86	7
3	Capital Gain	3.83	9
4	Insurance Premium	3.83	10
5	Contribution to Provident Fund/Public	3.78	13
6	Provident Fund	3.58	16
7	Investment in National Savings	3.71	14
8	Subscription to Mutual Fund	3.85	8
9	Repayment of Housing Loan	4.01	3
10	Subscription to bonds.	3.88	6
11	Fixed Deposits	4.02	2
12	Contribution to Fund	3.81	12
13	Deduction	3.81	11
14	Medical Insurance Policy	3.95	5
15	Treatment of Handicapped	3.55	17
16	Interest on Loan	4.16	1
17	Donation to Charitable Fund	3.65	15

The mean score and rank are displayed in table 4.2.2 It shows variable “Higher exemption” includes highest mean score of 4.07 followed by Related with investments (4.00), followed by Exemption limit (3.93), followed by surcharge to avoided(3.93), followed by limit for deductions(3.92), followed by Entertainment allowances (3.90), followed by deductions (3.88), followed by rationalisation (3.80), followed by standard deductions (3.80), followed by employment under (3.78), followed by direct tax code (3.72), followed by taxes rates are high

(3.65), Inflation(3.56). All the mean scores are lies between 3 to 4.It concludes that clients are agreeing towards all the mentioned factors.

Table 2: Perception of taxpayers based on Opinion of Income tax

S.No.	The role of taxpayers and their Opinion of Income tax	Mean	Rank
1.	Income tax rates	3.65	13
2.	Standard deductions.	3.80	10
3.	Entertainment allowances	3.90	7
4.	Employment section	3.78	11
5.	Tax exemption limit	3.93	3
6.	Rationalization of Tax Rates	3.80	9
7.	Surcharge to be avoided	3.93	4
8.	Bank interest	3.90	6
9.	Deduction	3.92	5
10.	Substitution of tax rebate	3.88	8
11.	Introduction of Direct Tax Code.	3.72	12
12.	Withdrawal of deductions	3.92	14
13.	Tax Planning Measures.	4.00	2
14.	Higher exemption limit.	4.07	1

The mean score and rank are displayed in table no.3 shows variable “Higher exemption” includes highest mean score of 4.07 followed by Related with investments (4.00), followed by Exemption limit (3.93), followed by surcharge to avoided(3.93), followed by limit for deductions(3.92), followed by Entertainment allowances (3.90), followed by deductions (3.88), followed by rationalisation (3.80), followed by standard deductions (3.80) , followed by employment under (3.78), followed by direct tax code (3.72), followed by taxes rates are high (3.65), Inflation(3.56). All the mean scores lie between 3 to 4.It concludes that clients are agreeing towards all the mentioned factors.

Table 3: Demographic profile of perception of taxpayers and deductions

LEVEL OF AWARENESS AND THE DEMOGRAPHIC PROFILE OF TAXPAYERS					
S.NO	PERCEPTION	GENDER T-value	MARITAL STATUS T-VALUE	AGE F-VALUE	EDUCATION F-VALUE
1	Professional tax	.383	.612	.192	.940
2	Housing loan	.200	.133	.660	.807
3	Capital gain	.427	.422	3.552	.843
4	Insurance premium	.483	.666	1.818	1.437
5	Contribution	.463	.952	1.030	1.029
6	Provident fund	.535	1.10	1.298	1.109
7	Investment	.315	.335	.376	.418
8	Subscription	.368	.269	.994	2.324
9	Repayment	.193	.085	.671	.346
10	Infrastructure bonds	.151	.479	2.024	.577
11	Fixed deposits	1.639	1.650	.467	.580
12	Contribution to pension	1.626	.784	.820	.428
13	Pension schemes	2.125	.720	.766	..357
14	Medical policy	1.181	.082	1.096	.935
15	Treatment of handicap	2.552	.289	1.097	.643
16	Interest on loan	.815	.536	1.900	.096
17	Donations to funds	.011**	.915	.999	.116

** 5 % level of significance; *** 1 % level of significance

Table 5 .It Shows that almost all the T-values and F-values are insignificant. The majority of variables are greater than 0.05. Hence there is no significant difference between with respect to perception of Indian Economy.

Table 4: Demographic profile of perception of taxpayers and deductions

OPINION AND DEMOGRAPHIC PROFILE OF TAXPAYERS					
S.NO	PERCEPTION	GENDER T-value	MARITAL STATUS T-VALUE	AGE F-value	EDUCATION F-VALUE

1	Tax rates	1.184	.247	.080	.080
2	Standard deductions	1.184	.188	.128	.128
3	Entertainment	.792	.092	.287	.287
4	Tax employment	3.026	1.808	.813	.813
5	Tax exemption	.354	.805	1.412	1.412
6	Rationalization	.406	1.948	.070	.070
7	Surcharge to avoided	.138	.327	.039	.039
8	Deduction for bank	.423	.819	.945	.945
9	Enhancements	.202	2.530	.385	.987
10	Tax rebate	1.178	1.538	.987	1.486
11	Direct tax	.302	1.074	1.486	3.363
12	Withdrawal	.386	.909	3.363	.191
13	Planning	.950	1.866	.191	2.130
14	Limit	.071	1.530	2.130	.385

** 5 % level of significance; *** 1 % level of significance

Table 5 .It Shows that almost all the T-values and F-values are insignificant. The majority of variables are greater than 0.05. Hence there is no significant difference between with respect to perception of Indian Economy.

DISCUSSION & RESULTS

Anyhow the taxpayers are the backbone of the income to the governments, the government is encouraging the people to pay taxes, and they are giving benefits to the high and first payers of taxes. A tax consultant cannot only be concerned about reducing the amount of tax paid on the income he earns but can save the amount of money and can do the market transactions in an efficient manner according to the taxes concerns of the amount he earns annually. The authority of the government to levy tax in India is derived from the Constitution of India, which allocates the power to levy taxes to the Central and State governments. All taxes levied within India need to be backed by an accompanying law passed by the Parliament or the State Legislature.

CONCLUSION

The tax system in India is raising growth. Everyone in India is paying income taxes. All of them should come forward to pay taxes. It is the fact of income to the peoples and government. Every businessman, employees, tax payers know about the tax system in india. They can pay the taxes at the beginning or end of the financial year. The taxpayers are almost every employer in the country. These taxes are divided into direct taxes and indirect taxes. After the implementation of GST many are paying indirect taxes. People are paying taxes based on their level of incomes.

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