

A Study on Tax Perception of Individual Assessed and Investment Decision (in Respect of Barwani District)

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Abstract : The purpose of the study is to learn about the factors effecting selection of tax saving instruments by individual assessed in Barwani District. To assess the level of awareness an individual assessed has towards tax saving instruments available as per The Income tax laws. The study also tries to identify the most appropriate and prevalent tax saving instruments used by individual assesses to reduce their tax liability. The study will try to assess relation between the demographic profile of the individual and tax saving instruments adopted by them.

Keywords: Tax Planning, Tax avoidance, Tax evasion, Tax Saving instruments, Tax Awareness.

Introduction - Investment is a financial activity carried down with the objective of getting return. It is the commitment of funds which have been saved from current consumption with the hope that some benefits will accrue in future.¹ Thus; it is a reward for waiting for money. So, the first step to investment is savings.

Tax systems do not just raise revenue for the governments, but increasingly they have become policy instruments that modern governments use to pursue various goals.² When these goals require the establishment of systems that are not in harmony with the social development, conflicts are bound to arise.³ taxpayers' increasing even tax evasion; or simply governments' attempt at reforms, aimed at bringing the tax systems closer to the social environment.

Studying what factors determine tax planning attitude and behavior in barwani district is not only of academic interest; it is also important from a policy perspective.⁴ Attempts to broaden the tax base must build on insights into how employees experience and perspective the tax perception and planning, and whether and how their tax behavior is correlated with how they perceive.

Primary information collected on taxpayer attitudes are therefore required for better analysis and a more informed tax policy design. By empirically establishing which factors affect tax planning in the selected barwani district, the paper derives feasible policy recommendations for policy makers and revenue administrations.

Literature Review

Sreelatha Reddy and Lalitha Narayanan¹ (2015)⁵ this study based on factors affects the individual investment decision. This study was based on primary data. Data were collected from 246 working women by using Non-Probabil-

ity Convenient sampling technique. Such collected data analyzed with the help of statistical tools like Descriptive analysis, Chi- square tests, ANOVA, Factor analysis, Regression analysis and other basic techniques using SPSS and Excel. They found that among all investment avenues, investments in Provident Fund followed by Monthly Investment Schemes (MIS) in post office are considered to be the safest and most preferred by the sample respondents.

Suchitra (2015)⁶ made a study to examine the investment pattern in selected financial products. This study was based on both primary data and secondary data. The required primary data have been collected from 40 sample respondents by using Non-Probability Convenient sampling method. Such collected data have been analyzed with the help of statistical tools like Percentage, Ranking analysis and Factor analysis. It is found that regular income was the most influencing factor while selecting an investment avenue followed by safety.

Thulasi priya (2015)⁷ studies to examine the investment preference of Government employees on various investment avenues and factors considered by them before investing. This study was based on primary data. The required primary data have been collected from 500 sample employees by using convenient sampling technique through Questionnaire. Such collected data have been analyzed with the help of statistical tools like Percentage, ANOVA, 't'-test and Freidman's Ranking Analysis. On the basis of the findings, it is concluded that the age, annual Income, occupation and marital status of the salaried group investors influence the investment option which will provide the long term benefit and highly secured cum profitable avenues.

Neha Shukla (2016)⁸ study to know the salaried personnel's preference towards different investment avenue. This study

was based on both primary and secondary data. Primary data was collected from 100 sample respondents by using Convenience sampling technique. Such collected data have been analyzed with the help of software like Microsoft Excel and SPSS On the basis of the findings, it is concluded that patterns of investment of the investors varies on the basis of various demographic factors and majority of respondents invest for purchasing home for long term growth. **Arumugha Kanis (2016)⁹** made a study to examine the middle income persons' investment pattern awareness available and the preference of the investment. This study was based on primary data. The required primary data have been collected from 55 sample respondents by using Convenience sampling technique. Such collected data have been analyzed with the help of statistical tools like Percentage and Weighted average. It is found that the respondents strongly agree that the lack of simplicity in procedure and lack of awareness are the main factors which change their investment decision.

Madhumala Pathy (2017)¹⁰ Study to determine the factors which influencing the savings, analyze the attitude toward savings and evaluate the saving preference of the rural people. This study was based on both primary data and secondary data. The required primary data have been collected from 50 rural households through Questionnaire. Such collected data have been analyzed with the help of Percentage, Chi-square test and Ranking. It is found that majority of the rural households have less knowledge about the investment in industrial securities but at the same time they prefer to make investment in bank and post office.

Scope of the study: The scope of the present study is understood what factors affect in the tax planning activities government employee in Barwani district.

Objective of the study: The core purpose of the study is to explore the determinants influencing the adoption of tax planning instruments as well as identify the highly adopted tax planning instrument among academicians, Doctors and Clerk.

Hypothesis:-

H1: There is a significant relationship between Tax Perception of Individual Assessed and Investment Decision.

Research Methodology: The study is descriptive study as this study aims to find out the determinants influencing the adoption of tax planning instruments and also find out the highly adopted tax planning instrument among the academicians, doctors and clerk for tax saving.

Sample: The sample size selected from the population was 400. The study was done at Barwani District in Madhya Pradesh. The population under the study was considered 172 School Teachers, 81 Asst. Professor, 19 Professors, 41 Doctors, 87 Clerk respondents. The population for the study consists of salaried employee income tax assesses working in Barwani district.

The sampling method here used for taking samples from the population is convenient sampling.

Sources of data: Primary data are collected from 400 respondents of salaried employee by using survey method Questionnaire is a tool of survey.

Secondary data will be collected from published sources and reports published in the internet.

Tools of analysis: All the data were tabulated and analyzed with the help of percentage, table and Chi-Square test.

Data analysis and interpretation: Table 1 provides the information about demographic profile of the respondents. 4 demographic variables were taken to get the information regarding of the respondents such as gender, age, income and savings. The demographic profile of the respondents can be represented as follows:

Table: 1. Profile factors of the Respondents

S.	Demo-graphics	Categories	No. of the Respondents	Percentage%
1	Gender	Male	351	87.75
		Female	49	12.25
		Total	400	100
2	Age	Below 40	97	24.25
		41 to 55	169	42.25
		Above 56	134	33.5
		Total	400	100
3	Annual Income	Up to 2.5 lakh	21	5.25
		2.5 to 5 lakh	43	10.75
		5 to 10 lakh	283	70.75
		10 lakh and above	53	13.25
		Total	400	100
4	Pattern of saving	Up to 10%	50	12.5
		11 to 20%	214	53.5
		21 to 30%	75	18.75
		31 to 40%	36	9
		Above 40%	25	6.25
		Total	400	100
5	Amount of tax paid	Below 20000	91	22.75
		20000 to 50000	134	33.5
		50000 to 80000	112	28
		Above 80000	63	15.75
		Total	400	100

Source: Primary Data

The profile data presented in Table: 1 indicated that 12.25 percent of respondents are female and 87.75 percent of respondents are male employees. Majority of 42.25 percent of respondent's age group 41 to 55 year. The table reveals that 57.75 percent of the respondents having number of dependents in family members 2, 29.5 percent of the respondents having number of dependents in family members 3 to 5 and 13.25 percent of the respondents having number of dependents in family members above 6. Majority of the respondents 70.75 percent of them getting annual income between 5 lakhs to 10 lakhs. From the above table, it can observe that 53.5% of the employees are saved 11% to 20% from their previous year income in various taxes saving scheme. Only 6.25% employees saved above 40%

from their income in different tax saving schemes.

Table 2 provides the information about factors on Investment decision. The respondents can be represented as follows:

Table 2 (see in last page)

It is clear that out of twelve variables in the set of investment factors, majority of the respondents are Income can be increased by saving tax, followed by execution of Income tax is the most complex concept to understand. Least preference is Burden of medical expenses is covered by planning tax.

Findings:

1. In this survey majority of the respondents (87.75%) are male and (12.25%) are female respondents.
2. In this survey majority of the respondents are divided according to the age, as 24.25% respondents fall under the age group of Below 40, 42.25% respondents fall under the age group of between 41 to 55, while remaining above 56 falls under 33.5%.
3. In this survey majority of School Teachers respondents are living in Rural areas (59.25%), 13.5% of respondents in urban areas and (27.25%) in semi-urban areas.
4. In this survey 43% respondents are School Teachers, 20.25% respondents are Asst. Professors, 4.75% respondents are Professors, 10.25% respondents are Doctors, and 21.75% respondents are Clerk as employees in various Government offices.
5. In this survey around 57.75 percent of the respondents having number of dependents in family members 2, 29.5 percent of the respondents having number of dependents in family members 3 to 5 and 13.25 percent of the respondents having number of dependents in family members above 6 member.
6. In this survey around 5.25% of respondents are having annual income of less than Rs. 2,50,000, 10.75% of respondents are having annual income between Rs.2,50,000 to Rs.5,00,000, 70.75% of respondents are having annual income of between 5,00,000 to 10,00,000 and rest 13.25% of respondents are having annual income of more than 10,00,000.
7. In this survey 12.5% of respondents save 10% of the respondents in a year, 53.5% of respondents save 20% of the income in a year, 18.75% of respondents save 30% of the income in a year and 9% of respondents save 40% of the income in a year and 6.25% of respondents save above 40% of the income in a year.
8. In this survey 36.25% of employees get information about taxation Through working Institutions, 23.25% of employees get information about taxation through tax consultant, 13.25% of employees get information about taxation through media and 27.25% of

employees get information about taxation through friends and relatives.

9. 38% respondents pay tax to secure the saved money, 50.5% Tax planning is an important component of investment planning, 47.75% Rate of return from the investment is influenced by tax rate, 74.75% Income can be increased by saving tax, 55.25% Be a wise investor in saving tax, 63.75% Income tax is the most complex concept to understand. 41.75% Aim at growth and security of money, 58% Tax laws should be simple, 33.5% Earn more by paying less tax on income, 48.75% Financial planning is complete only after effective tax planning, 47.5% Wealth distribution is influenced by the tax system and 19.75% Burden of medical expenses are covered by planning tax.

Discussions:

1. Awareness value of mean indicates that the respondents are partially aware and closely have the moderate level of awareness on various tax planning measures available on professional tax under the income tax act.
2. The most important factor which influences the tax planning behavior of individuals, consisting of safety of money invested and less risk, followed by thinking about good returns while tax planning. The third factor that influences an individual's tax planning is that they always consider the future in their lives, such as their children's education, owning a home, and so on. Loan facility, tax benefits, and retirement life are also important factors.
3. The study also reveals that there is no variance between Male and Female towards awareness of tax planning measure.
4. Understanding this interplay is crucial for policymakers. It underscores the importance of aligning tax policies with the level of economic development to ensure that taxes are perceived as fair and that citizens see tangible benefits from their contributions.
5. Governments can engage in public campaigns to educate citizens about the importance of taxes in funding essential services and infrastructure. Education is a powerful tool for changing tax perceptions. Incorporating financial literacy and civic education into school curricula can help citizens understand the tax system better.

Conclusions: In conclusion, this research paper provides a comprehensive examination of the complex relationship between taxpayers and taxation systems. The research provides a comprehensive demographic overview, revealing diverse perspectives across gender, age, education, and income groups. The consensus on key tax purposes, the diverse views on fairness, and the call for transparency

and reform emphasize the complicated nature of taxation. This research contributes valuable insights into the complex dynamics of tax perception, offering a foundation for further investigations into the relationships between demographics, tax satisfaction, and perceptions of tax fairness. These insights have practical implications for policymakers seeking to inform tax policies, enhance public engagement strategies, and ultimately foster a more positive and informed citizenry.

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Table 2: factors on Investment decision

S. N o.	Statement		Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
			No. of Respondents	Percentage	No. of Respondents	Percentage	No. of Respondents	Percentage	No. of Respondents	Percentage	No. of Respondents	Percentage	No. of Respondents	Percentage
1	pay tax to secure the saved money	38	69	17.25	83	20.75	59	14.75	117	29.25	72	18	400	100
2	Tax planning is an important component of investment planning	50.5	87	21.75	115	28.75	63	15.75	84	21	51	12.75	400	100
3	Rate of return from the investment is influenced by tax rate	47.75	113	28.25	78	19.5	81	20.25	69	17.25	59	14.75	400	100
4	Income can be increased by saving tax	74.75	187	46.75	112	28	37	9.25	19	4.75	45	11.25	400	100
5	Be a wise investor in saving tax	55.25	136	34	85	21.25	71	17.75	54	13.5	54	13.5	400	100
6	Income tax is the most complex concept to understand.	63.75	159	39.75	96	24	58	14.5	46	11.5	41	10.25	400	100
7	Aim at growth and security of money	41.75	69	17.25	98	24.5	71	17.75	83	20.75	79	19.75	400	100
8	Tax laws should be simple	58	119	29.75	113	28.25	89	22.25	41	10.25	38	9.5	400	100
9	Earn more by paying less tax on income	33.5	81	20.25	53	13.25	62	15.5	113	28.25	91	22.75	400	100
10	Financial planning is complete only after effective tax planning.	48.75	109	27.25	86	21.5	91	22.75	67	16.75	47	11.75	400	100
11	Wealth distribution is influenced by the tax system.	47.5	131	32.75	59	14.75	48	12	96	24	66	16.5	400	100
12	Burden of medical expenses are covered by planning tax	19.75	41	10.25	38	9.5	56	14	119	29.75	146	36.5	400	100

Source: Primary Data
