

A STUDY ON FINANCIAL PLANNING FOR SALARIED EMPLOYEES AND STRATEGIES FOR TAX SAVINGS

Submitted in partial fulfillment of the requirements for the award of

Master of Business Administration

by

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SCHOOL OF BUSINESS ADMINISTRATION

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

**Accredited with Grade "A" by NAAC | 12B Status by UGC | Approved by AICTE
Jeppiaar Nagar, RAJIV GANDHI SALAI, CHENNAI - 600 119**

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the Bonafede work of Mr. Vigneshwaran.V (39410228) who has done the Project work entitled, " **A Study on Financial Planning for Salaried Employees and Strategies for Tax Savings**" under my supervision from December 2020 to February 2021.

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DECLARATION

I, **Vigneshwaran.V** , (39410228) hereby declare that the Project Report entitled, “**A Study on Financial Planning for Salaried Employees and Strategies for Tax Savings**” done by me under the guidance of Dr. D. Velumoni, MBA., M.Phil.,Ph.D is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

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ABSTRACT

Tax is any shape charge levied on someone or an group through a governing body or its equal such that defaulted payment is punishable by means of law. The imposition of taxes and the organization of taxing is as antique as civilization itself cutting across faith, race and continental borders. Prompt tax payment and reduced tax evasion is always a primary goal of the government in most civilizations that exist nowadays. The problem of tax evasion has confirmed to be a tough exercise to lessen even in international locations with a proper database of its citizenry and the contemporary mode of tax price is redundant and tense as ascertained through a survey of our case look at. Some of the demanding situations governmental our bodies have to conquer so that you can encourage the set off payment of taxes and correctly reduce evasion includes, developing convenient fee methods and having proper records retaining structures. This paper is a concise summary of ways the continuous improvement of computing science and its huge spread potential to be deployed to clear up a wide range of troubles can be geared in the direction of the development of an electronic taxation gadget to help government bodies with handy tax collection and report maintaining. The waterfall method became decided on for device improvement. Goals to be done with the aid of the system are immediate get right of entry to, progressed productiveness thru efficient usage of sources, database advent and information control, simplification of operations, reduced processing time, user friendliness, portability and versatility for further enhancement. The E-taxation is not a new machine, but a instead nearby strategy to a hassle with international purview. This system looks at how tax payment may be encouraged through simplification and elevated performance in price processing.

Keywords: Tax services, preparation, savings.

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CHAPTER-1

INTRODUCTION

1.1 INTRODUCTION ABOUT THE STUDY

The usage of computerized structures has been established to be able to introducing massive efficiencies to commercial enterprise tactics at a minimal fee (Wasao, 2014), due to the bureaucratic shape of government which is costly to manage with little or no end result, tax authorities as an agency of presidency are turning to e-government led answers like digital tax submitting (e-submitting) (Amabali, 2009), based totally at the arguments that it enhances the delivery of public offerings and fiscal profundity with out incurring steeply-priced habitual overheads (Harrison & Nahashon, 2015). United international locations stated that e-taxation is a procedure wherein tax documents or tax returns are submitted through the internet, normally without the want to submit any paper go back; it encompasses the usage of internet generation, the global net and software program for a huge range of tax management and compliance functions.

Electronic tax filling changed into first coined in usa, in which her internal sales offerings (IRS) began presenting tax go back e-submitting for tax refunds only (Muita, 2011). This has now grown to the level that currently about one out of every 5 man or woman taxpayers is now submitting electronically. This however, has been because of numerous improvements and features being brought to the program over the years. Nowadays, digital submitting has been extended to other advanced nations like Australia, Canada, Italy united kingdom, Chile, eire, Germany, France, Netherlands, Finland, Sweden, Switzerland, Norway, Singapore, Brazil, Mexico, India, China, Thailand, Malaysi. Nigeria and other growing international locations consisting of Uganda, Rwanda and Kenya have also embraced digital filing of tax returns (Muita, 2011).

Dowe (2008) disclosed that tax authorities around the sector are using digital tax management systems to have interaction with taxpaying public in tax series, management and compliance settings a good way to improve effectiveness and performance in tax management. Globally, previous studies at the suitability of records technology complied tax system have it that; a nice impact of automation machine utilization and the fee of tax

management, automation and effectiveness of sales collection of Ghana revenue Authority the usage of a case take a look at of customs department (Gidisu, 2012).

Wasilewski referred to in Muthama (2013) with consciousness at the economic improvement and taxation device by using comparing the case of Brazil and Japan. Japan's experience verified that a rustic does no longer want to delay a real change inside the tax structure until it achieves a excessive level of improvement, at the same time as in Brazil; low-profits taxpayers endure maximum of the tax burden.

Gasteiger (2011) indicated that automated device enhances administration with the provision of multiple situations that allow senior control in a multi-campus college device to generate multiple income eventualities, make nicely-informed choices regarding the operation of their organization and timely calculation and allocation of sources to instructional departments. In Kenya, Kioko (2012) indicated that the macro model plays better the versions in finances allotted to counties than the representative tax gadget, Kibe (2011) disclosed that planning for revenue series can fine be finished with the aid of a system that mixed spatial and attribute facts management competencies like geographical facts structures, Harrison & Nahashon (2015) with cognizance on small tax payers found out that on line tax device does have an effect on tax compliance degree, even as Otieno, Oginda, Obura, Aila, Ojera & Siringi (2013) stated that dating existed among information systems and revenue series performance and effectiveness and extra so, there is a robust high-quality relationship among internal manage systems and sales series. In recognize of the above, none of the research had so far been executed to analyze records generation, in terms of online tax filing, online tax registration and on-line tax remittance on the extent of tax administration in terms of tax productivity, making plans and implementation, which depicts existence of hole in literature. Even though, Harrison & Nahashon (2015) studied the results of on line tax machine in terms of online Tax submitting, on-line Tax Registration and on line Tax Remittance, however it changed into primarily based on tax compliance.

1.1 A BRIEF HISTORY OF TAXATION IN THE WORLD

Taxation is going back as a long way as recorded records. But, it turned into not till the start of the high-quality civilizations that we see tax accrued for a kingdom by using an prepared group devoted to that sole assignment . There were taxes to help maintain sources like

boats, towns secure passage, ports palaces, production tasks and possibly the maximum famous reason, to fund conflicts and at some point of this tax has grown and evolved as civilizations themselves advanced.

- ***Egypt (Pre-3000 BC to 300 BC)***

In historic Egypt, the ruler 'pharaoh' who turned into considered the maximum authority of the land, a god, informed his chief minister, the vizier, to arrange lots of scribes to acquire taxes from all residents of the country. In historical Egypt heyday, the ones owing taxes were compelled to hand over portions in their land, cattle and many others, to the scribes and courts. The Ancient Egypt's taxed grain, cooking oil, livestock, beer, different farm produce, personal livelihood, Nile utilization for transportation of merchandise, and overseas trade. Neighborhood officers have been also taxed. The rich nobles or even the tax collectors had been no longer exempted from the gathering of taxes.

- ***China (2100 BC to 1911 AD)***

Historic Chinese taxation records are denominated by way of in particular the agrarian financial system with listening taxes levied with the aid of Emperors that roiled during the 2000 12 months Imperial duration, from the qin (chin) dynasty in 221 BC, to the Xinhai republication revaluation in the 1911 advert. China did not introduce income taxes until 1950. And even then it becomes handiest levied on preceding capitalists until 1959. Due to the fact the state controlled all production. It becomes pointless to tax earning. Income tax changed into sooner or later brought in 1980 after financial reforms in the Seventies. Nowadays china levies product Tax that is levied on maximum agricultural and business merchandise; fee brought tax (VAT) that is levied on selected commercial merchandise enterprise Tax; that's levied on offerings and trades, and sale tax, that's levied on salt manufacturers and distributors. Other than the VAT, those taxes were all charged on goods and services at every stage of manufacturing and marketing. Sooner or later the Chinas tax systemic like its political machine, is continuously undergoing reform, and destiny can only promise further tendencies in this location for China.

- ***India (Pre 300 BC)***

In India, Direct taxes have been levied in India for hundreds of years. Two terrific literary works, the (Manusmriti and Arthasastra) consisted of unique advice given to kings by way of sensible sage, on the problem of taxation. The Manusmriti laid down that traders and

artisans need to pay 1/5th of their earnings in silvered & gold, while the agriculturists were to pay 1/sixth, 1/8th, and 1/tenth in their produce depending upon their circumstances.

1.2 SALARY UNDER INCOME TAX ACT,1961

Tax Planning is most important part of Finance Planning for tax payers in India, especially for individual and salaried tax payers.

Followings are forms of the income under the head Salary:-

- Basic Pay –Salary
- Allowances
- Bonus
- Perquisites
- Salary in lieu of profit
- Retirement Benefits

Basic Pay –Salary

Salary means payment given by employer to his employee for the work performs by him. The work can be mental work or can be physical work.

First understand salary Income

- ***Income from salary:***

Income under the head '**salary**' comprises of remuneration in any form (including perquisites) received by an employee from employer. Thus, there should be contractual Employer-Employee relationship. The contract may be express, oral or implied.

Section 15 Basic of charge

Salary is chargeable on

Due Or { whichever is earlier

Receipt

Advance and Arrears of salary taxable on receipt basis

Salary from more than one source:

If an individual receives salary from more than one employer during the previous year, salary from each source is taxable

Types of employer:

- Former Employer (Past)
- Present Employer (Present)
- Prospective Employer (Future)

Fictitious salary not chargeable to tax:

- Salary Income must be real and not fictitious.
- There should be intention, payer has intention to pay or payee must be intention to receive.

According to Section 17(1) salary includes the following amounts received by an employee from his employer, during the previous year:

- Wages;
- Any annuity or pension; (Family pension received by heirs of an employee is taxable under income from other sources);
- Any gratuity;
- Any fees, commission, perquisites or profits in lieu of or in addition to any salary or wages;
- Any advance of salary;
- Any payment received by an employee in respect of any period of leave not availed of by him; (Leave encashment or salary in lieu of leave);
- The annual accretion to the balance at the credit of an employee participating in a recognized provident fund, to the extent to which it is chargeable to tax under Rule 6 of part A of the Fourth Schedule; and
- The aggregate of all sums that are comprised in the transferred balance as referred to in sub-rule (2) of Rule 1] of Part A of the Fourth Schedule, of an employee participating in a recognized provident fund, to the extent to which it is chargeable to tax, under sub-rule (4) there, i.e., taxable portion of transferred balance from unrecognized provident fund to recognized provident fund.

- The contribution made by the Central Government or any other employer in the previous year, to the account of an employee under a pension scheme referred to in Section 80CCD.

The above definition of word ‘salary’ U/s 17(1) includes the above mentioned items. These can be explained in following manner:

- ***Wages***

Any amount received by a person for work done or job rendered is called wages. It may be received under the name of ‘Pay’, ‘Basic Pay’, ‘Salary’, ‘Basic salary’ or ‘Remuneration’. It may be for actual work or leave salary or actually received or due during the relevant previous year. Salary in lieu of Notice. It is fully taxable u/s 15 if received during the relevant previous year.

- ***Any Annuity or Pension***

Any amount received by employee from past employer after attaining the age of retirement or superannuation is fully taxable. It may be received direct as pension or out of a superannuation fund created by employer; in both cases it is taxable.

- ***Any Gratuity***

Any sum received by employee from his past employer as a token of gratitude for services rendered in past is called gratuity. This amount is exempted up to certain limits given u/s 10(10) and it is dealt with in this very chapter at a later stage.

- ***Any Fee***

Any amount received from employer under the name of fee is also fully taxable.

- ***Any Commission***

Any commission given by employer to employee is fully taxable. Any commission received by a director for standing guarantee for repayment of loan, and if he is not employee of the company, shall be taxable under “Income from other sources”. In case commission is given to an employee and it is paid as a fixed percentage of turnover achieved by such employee, such commission shall also be treated as part of the salary for all practical purposes. [Gestener Duplicators (P) Ltd. vs. C.I. T. (1979) SC].

- ***Any Bonus***

Bonus is fully taxable under the head 'Salaries' on receipt basis. In case arrears of bonus are received in a previous year, these are fully taxable. Bonus can be of two types

- **Statutory Bonus**

It is received under some legal or contractual obligation and is fully taxable. Gratuitous Bonus-It is a casual benefit and is taxable as a receipt from employer and having no other implication.

a. Any Perquisite any benefit or amenity allowed by employer to employee. These are explained in detail later in this chapter u/s 17(2).

b. Any Profit in lieu of or in addition to salary any cash payment received by employee from employer is called profit in lieu of salary and these are explained later in this chapter u/s 17(3).

- Any salary in lieu of leave received during service is fully taxable.
- **Advance salary:** In case an assessee receives some salary in advance in a previous year and which was actually not due in that year shall be taxable in the year of receipt. It does not include any loan or advance taken from employer.
- **Arrear Salary:** A salary which is effected on the recto-basis which is affected from the past than when it is receipt, it is taxable on receipt basis.
- **Foregoing Salary:** It means waiving the right to receive salary, If any of person forgive his salary that his will. He can use his salary as he wants but the foregoing salary chargeable to tax.
- **Surrender of Salary:** If an employee opts to surrender his salary to the central government Under section 2 of the Voluntary Surrender of salary than the income tax is not charge on that income..
- **Tax Free Salary:** There is no notion of tax-free salary in India. Amount of tax paid by the employer on behalf of the employee shall comprise of the taxable revenue of the

employee. If salary is paid tax free by employer, then the free amount has to be added in employee income to charge the tax

*Salary may be in monetary or non-monetary and both also

Section 9

Income deemed to accrue or arise in India

1. A person who is ambassador of India and gives service outside India and takes salary outside of India.
2. Given the service in India and takes the salary outside India.
3. A person who retires and settles outside India, after retirement and takes the pension outside India.
4. Leave Encashment- Take the salary against his leave rather than the salary deemed to be salary

Allowances:

Allowance is a fixed monetary amount paid by the employer to the employee for meeting some particular expenses, whether personal or for the performance of his duties. These allowances are generally taxable and are to be included in the gross salary unless a specific exemption has been provided in respect of any such allowance.

Fully Taxable Allowances-

Dearness Allowance and Dearness Pay

City Compensatory Allowance

Fixed Tiffin / Lunch Allowance

Non-Practicing Allowance

Warden or Proctor Allowance

Deputation Allowance

Overtime Allowance

Fixed Servant Allowance

Fixed Medical Allowance

Classification Based on Incidence of Tax

An occurrence of tax is the impact of tax on the person who will pay tax to the government. Under this classification of tax, kinds of taxes are obtrusive.

- ***Direct Taxes:***

Those are taxes collected at once from the earnings of individuals and agencies whose prevalence and burden is at the people or the agencies that pay the tax to the authorities. Examples are personal profits Tax, organization income Tax, Petroleum earnings Tax, Capital gains Tax, and many others.

- ***Indirect Taxes:***

These are taxes imposed on the price of products and offerings, produced and fed on within the usa, imported into the U.S.A. Or exported to different international locations, whose burden can be shifted in part or in full via the taxpayer who has paid the tax to the authorities to the very last clients who do no longer even recognise both when they pay the tax or the exact amount of the tax they pay. Examples are fee brought Tax, amusement tax, import duties, export duties, excise responsibilities, and so on. Oblique taxes paid through a employer commonly replicate in the promoting rate of the products and offerings to be payable by means of the clients.

Principles of Taxation

- ***principle of equity:***

This principle states that a terrific tax gadget should be as simply as feasible through ensuring that all humans who must pay the tax are covered with the aid of the tax and that every taxpayer can pay precisely what is just and equitable considering his circumstance and capacity. There are two forms of fairness i.e Vertical and horizontal equity. Vertical equity is the unequal treatment of taxable men and women with varied taxable profits. At the same time as horizontal fairness is the same treatment of tax payers with the equal taxable earnings.

- ***Principle of economy:***

This principle states that the fee of collecting tax should not be too excessive so that it will outweigh the benefits derivable from the imposition of tax. For example if it expenses a government N9 million to acquire tax sales of N10 million, the tax machine is stated to lack economy.

- ***Principle of certainty:***

This precept states that the amount to acquire as tax, the time of charge, the mode of charge and the location of charge ought to be made clear to the tax payer, so that the tax payer isn't always left at the whims and caprice of the tax government. In different phrases, the taxpayer ought to be fully knowledgeable approximately taxes with the intention to arrive at a end as to the quantity of tax payable with the aid of him almost about the availability of the tax law, as well as, to preventing him from being subjected to dishonest by using unwanted people and cheating tax officials.

- ***Principle of comfort:***

This precept states that tax must be imposed at a time, in a way and at an area that the taxpayer is in role to pay, so that collection of tax might be clean for the tax administrators. E.G. Salary earner should be requested to pay tax whilst he gets hold of his earnings and not on the center or the give up of the month whilst the earnings may have been exhausted. This is why the PAYE (Pay-As-You-Earn) is deducted at source, due to the fact it is extra convenient than requiring the taxpayer to pay after collection of income and a farmer ought to be requested to pay tax when he harvests his crops and no longer when he's doing the planting or clearing the farm.

- ***Principle of Simplicity:***

This principle states that a terrific tax device and the tax law have to be as simple as possible, both in interpretation and alertness. This requirement is especially essential in a growing economic system wherein the charge of illiteracy is excessive and in which the way of life of file retaining has not been imbibed by way of maximum small scale entrepreneurs.

- ***Principle of Neutrality:***

This principle states that a great tax machine needs to neither distort the consumption habit nor the production choice of a taxpayer. In other phrases, an excellent tax machine needs to not interfere with people's willingness to paintings, produce, devour, store and make investments.

1.3 TECHNOLOGY AND TAX ADMINISTRATION

Tax advisors frequently observe that "tax administration is tax policy" in developing international locations (Casanegra de Jantscher, 1990, 178). Barriers in tax management constrain tax policy picks. On this phase, we first remember several demanding situations dealing with tax administrations in growing countries. We then have a look at how generation

may additionally improve the potential of tax government in developing international locations to perform extraordinary administrative capabilities

- ***.Tax Administration Challenges***

A huge literature has advanced analyzing the difficulties going through developing nations in administering tax systems (hen 2004). A number of the key demanding situations are reviewed right here. The first two challenges, the dimensions of the agricultural and informal zone and the usage of the economic quarter, relate to the economic surroundings wherein tax directors operate. The opposite challenges we review, organizational change and political will, relate to the potential of tax directors to enhance their efficiency whether through technological or other modifications. Size of the agricultural and informal sectors. Many developing countries have a big traditional agricultural zone and a sizable informal (shadow) financial system, each working in large part outside the formal tax gadget. No U. S . A . Has controlled to tax those sectors successfully (Alm, Martínez-Vazquez, and Wallace 2004).⁷ As a result, the tax base that tax government can doubtlessly reach is fairly small in lots of growing countries. The conventional awareness has lengthily been that the informal financial system consisted in large part of small vendors of products and offerings running largely outdoor the formal economic system. There was also a perception that as international locations evolved economically, the scale of each the agricultural sector and the casual economic system, relative to overall monetary interest, could decline. But, as Chen (2007) highlights, in a few nations not best is there an casual quarter operating in almost all parts of the financial system but there's additionally widespread interplay among the formal and casual financial system. Now not only do many corporations in the formal quarter buy from and promote to casual firms, But they may additionally even manipulate (or be controlled by way of) “shadow” organisations. Nor does monetary development always result in a smaller position for the informal economy. Indeed, when the obstacles to formalization are as high as they may be in many developing international locations, boom may be much more likely to manifest itself inside the casual quarter of the financial system.

- ***Financial Sector Use***

Countries also range significantly within the role played by economic institutions in the operation of the economic system. Where the interest is in most cases in cash or barter transactions, it is hard to reveal transactions.^{Nine} In evaluation, using banking channels for payment makes transactions simpler to observe and screen. The boom of the financial

region and its extra function inside the marketplace economic system broadens the potential scope of taxation and makes the administration of sure taxes easier.

The accelerated use by using organizations of financial institutions to channel receipts and costs presents information now not most effective on those agencies but also on their providers and on corporations further down the financial hobby chain. In addition, the improved use of credit playing cards or more state-of-the-art digital price mechanisms gives now not best facts as to the financial capability of the client, however additionally statistics which can be used to confirm the cost-added tax (VAT) and income tax filings of the dealers.

- ***Change of organization***

During the last forty years, reform efforts in tax management in growing nations have usually targeted on facts generation (IT). The profits from adopting new technology, but, have regularly didn't reach expectancies. A success reform efforts did not really computerize antiquated procedures but re-engineered the whole system. Radical development in tax management requires modifications in agency and strategies, and modern-day IT greatly enables the needed transformation. To take an example from some years ago, a 1992 look at of the enforcement efficiency of the income tax department in India recognized the following troubles: terrible use of records accumulated by the crucial intelligence department; ineffectiveness of surveys of business premises; absence of an ok gadget of taxpayer-identity numbers; absence of an adequate system of 0.33 party data collection; and deficiencies within the record-preserving system.

Despite the fact that a lot of these troubles may be solved through adopting appropriate and available generation, as India has an increasing number of achieved (as an example, with the introduction of an online tax accounting device in 2004), a hit use of IT requires restructuring and retraining the tax administration.

- ***Administrative skills***

Many that study tax administration in developing countries concluded that there is absolutely insufficient "administrative capacity," normally described in terms of professional human capital, for the tax administration to characteristic nicely.

Countries vary significantly in an administrative capability. In countries with very low tiers of administrative potential, technological innovation may also to a degree be capable of substitute for inadequate human potential. For instance, whilst some fantastically

professional human beings would nevertheless be required to implement and function any modern-day information processing device, it is probably less complicated in many nations to locate, say, three successful college graduates instead of many literate and numerate high faculty graduates who would possibly in any other case be had to do the same work. More commonly, at any given stage of administrative ability, greater may be completed higher with suitable superior generation, frequently by means of complementing and increasing the productivity of skilled workforce in preference to replacing it. In a few cases, era can and has drastically extended the capacity of tax administration officials via allowing them to collect and examine the mass of facts already presently available however not successfully used. Era on my own can not do the job of accurate tax management, and suitable tax management may be done without generation. Generation increases the possibilities of what can be completed in any tax management and regularly makes it possible to perform administrative features each in a different way and higher than without era. Services to taxpayers. Growing countries have made great progress in using generation to enhance offerings to taxpayers.

- ***Management of tax administration***

In lots of growing countries, the one-of-a-kind tax administrations concerned with inner taxes, customs, and social security, fail to proportion facts or coordinate the processing of returns and the preservation of records. This state of affairs simply ends in duplication and a lack of administrative effectiveness. The effective use of recent technology can help clear up those issues. Adopting new technology has authorized main changes in tax administration, shape, and operation in lots of developing international locations. However, capable accountants and careful application of already present generation stay more important in enhancing tax management in maximum growing countries than formidable and innovative technological innovation.

- ***Policy will***

Despite the fact that generation can enhance tax management in growing countries, some nations lack the political will to apply technology effectively to enhance tax compliance. When the desire is there, the way generally already exists and needs simplest be introduced. Undoubtedly, introducing the creative era in lots of developing international locations will yield widespread profits, as shown by using economic networks operated via mobile phone

networks to bypass infrastructure efficiencies. For the maximum component, what in reality wishes to be achieved to enhance tax management in developing countries is widely recognized and might sometimes be implemented inside an incredibly brief time Span, as has been tested in both Brazil (Pinhanez 2007) and Chile (Toro 2005). Technology may additionally allow international locations to jump over infrastructure gaps and even to conquer (to some extent) human capital deficiencies. But it can not steer clear of the crucial political obstacles that plague tax administration in lots of developing nations.

- ***Improving tax administration using technology***

Tax administrators in developed and developing countries play many roles. They are expected to accumulate revenue, system returns, and facts, restriction tax evasion, offer services to taxpayers, and in many nations, put in force social applications thru the tax structures. The objectives and rules of tax directors range amongst nations and over time. Yet, without a clean expertise of the short-time period and long targets, it is difficult to measure the achievement or failures of tax administrators. It is also hard to decide the way to allocate sources, whether or not personnel or investments in technology, the various exceptional administrative functions. The IRS has located it difficult sufficient to make the “right”. Choices on such subjects (Plumley and Steuerle 2004); it isn't always sudden that the venture has confirmed even more challenging in the great deal extra difficult instances going through growing countries.

Like any other authorities organization or non-public region employer, tax directors want to make tough selections on allocating scarce assets amongst exclusive styles of taxes, distinctive administrative functions, and distinctive types of generation. To make informed decisions on alternative feasible era investments, tax administrators want estimates of the modern-day expenses of administering the tax gadget, the fees of administering unique taxes, and the expected prices and benefits from the extra funding.¹⁷ preferably, selection-makers need estimates of no longer best overall or average charges however also the relative marginal costs for unique investments and specific tax gadgets. Despite this information, choice-makers can have specific time frames and goal functions. For example, if the primary focus is on brief-time period tax sales, decision-makers may also choose now not to spend money on projects which have probably massive longterm advantages and the capability to strengthen the nation by enhancing its “tax interface” with society (Moore 2007). Such subtleties can be left apart in maximum developing nations, as these international

locations lack the relevant information to make such determinations. In many countries, the handiest information systematically collected by tax administrations in modern tax revenue collections. Even the huge sales administration development packages funded with the aid of worldwide companies which includes the world financial institution have no longer, to our information, Assembled or used statistics on relative marginal costs and blessings to make knowledgeable choices on specific proposed administrative reforms. On this, as in other regions of improvement policy, faith and ideas derived from experience elsewhere may additionally have decided extra allocative decisions than has proof-primarily based analysis

1.4.TAX SYSTEM, POLICY, AND LAWS

1.4.1 TAX SYSTEM

Taxation system is an example of tax policy, tax legislation and tax administration.

1.4.2 TAX POLICY

Tax policies are fashionable statements of the process which manual the wondering and movement of all involved towards the belief of the stated tax objectives. The tax policies of Nigerian Governments are to: pursue a low tax regime which pursuits at lowering the personal tax burden and thereby encouraging financial savings and investments; circulate from the conventional coercive method of taxation to voluntary compliance; engage in taxpayer education via public enlighten; deliberate motion of emphasis from profits tax to intake tax which is much less vulnerable to tax evasion; creation of self-evaluation to encourage taxpayers participation within the tax assessment process which is more realistic in method and democratic in nature, and decreasing tax evasion and avoidance using the due system of law and the mechanism of an efficient tax administration.

1.4.3 TAX LAWS

Those are the various criminal gadgets put in place to ensure the conclusion of the tax policy targets of the Governments. The high-quality ones are non-public earnings Tax Act (PITA) CAP P8 LFN 2004 (as Amended in 2011):

This regulation imposes a tax on the profits of an individual, an accomplice in partnerships, an executor, a trustee, a village or community all through the Federation. Businesses income Tax Act (CITA) CAP C21 LFN 2004: This law applies with regards to corporations at some

stage in the Federation. Petroleum Income Tax Act (PPTA) CAP P13 LFN 2004: This law applies to organizations that have interaction in petroleum exploration and manufacturing at some stage in the Federation. Capital gains Tax Act (CGTA) CAP C1 LFN 2004: This law imposes capital profits tax on any capital profits i.e. Profits due to the disposal of chargeable belongings, via both chargeable individuals and corporate entities

All through the Federation. Value-added Tax Act (VATA) CAP V1 LFN 2004: that is a multi-stage tax levied on the value of a few decided on goods and services which might be eaten up inside the united states of America. Education Tax Act (ETA) CAP E4 LFN 2004: This law imposes a tax at the assessable profit of all registered businesses during Nigeria for you to boost finances for the instructional quarter. Stamp obligations Act (SDA) CAP S8 LFN 2004: The law imposes a tax on files during.

1.4.4 FACILITATING VOLUNTARY COMPLIANCE

Cutting-edge tax administrations proactively facilitate compliance by means of simplifying approaches, offering information, training, and support to taxpayers, and directing their restrained compliance monitoring and enforcement assets to the areas of the finest threat to sales. They undertake a compliance risk control approach that acknowledges a spectrum of compliance conduct and a possibility to foster a cooperative courting with taxpayers. This danger control method is based to systematically pick out, check, rank, and deal with tax compliance risks, as in the determine under, three through segmenting taxpayers into compliance corporations and developing one-of-a-kind responses to the factors that affect compliance in every organization. This approach acknowledges that tax administrations have to be thoughtful in how they install their constrained assets. Alternatively than focusing on imposing compliance during the compliance risk spectrum, tax administrations awareness on enforcement in areas of finest chance and facilitate voluntary compliance in last areas.

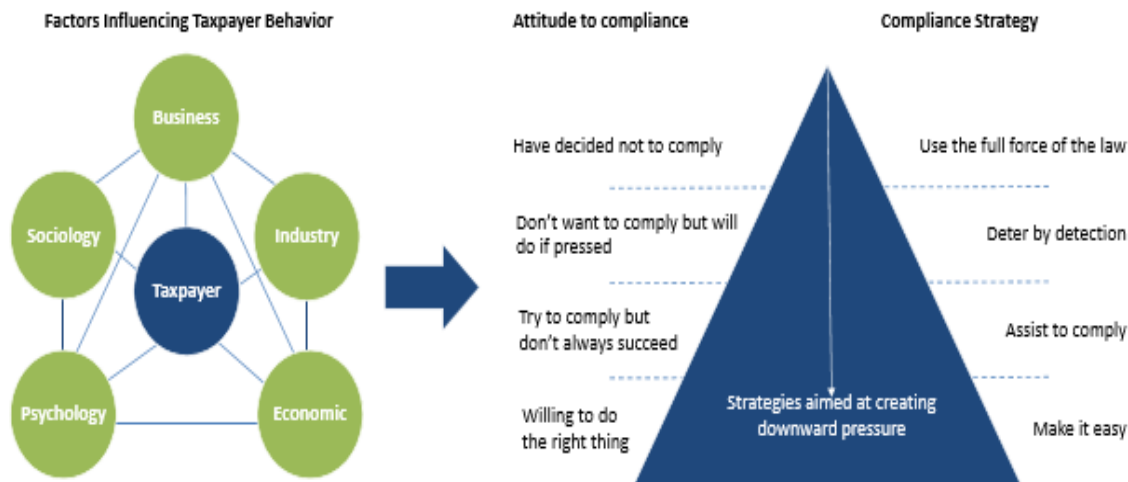


Figure 1.1:OECD's factors influencing taxpayer behavior and the spectrum of taxpayer attitudes to compliance

- **Monitoring compliance:**

Tax authorities use truth mechanisms to show taxpayer debts and an audit method to identify non-compliance. A beautifully seen audit program is important to ensure that taxpayers know the consequences of non-compliance and are exposed. An audit technique that focuses on areas of high-quality hazard to earnings that are not outstanding now will again increase the pass on the use of restricted audit and precise compliance resources but also allows the useful resource of reducing the intrusion of tax management into compliant taxpayers ' affairs to be voluntarily complied with.

- **Enforcing compliance:**

Tax administrations have historically relied on the use of criminal justice to enact taxpayer compliance, which has been described as a ' traditional enforcement mindset, based on the essential presumption that ruthless and green research and enforcement capacity would result in compliance through the deterrence mechanism. 'The attention of tax administration on facilitating and encouraging voluntary compliance for four of these days. Nonetheless, where applicable, the full rigor of the crime gadget is given for taxpayers who no longer comply, thus ensuring a degree of uniformity in the law software and the notion of taxpayers ' equity.

1.4.5 THE ROLE OF IT IN TAX ADMINISTRATION

Historically, the maximum time-honored use of IT structures in tax administrations has been to underpin the middle tax administration obligations of processing returns and payments and gathering applicable statistics. The 'core tax' element of cutting-edge IT structures continues to provide support for these duties, permitting the tax management to pass away from heavy manual processing and to direct its resources to facilitate, tracking, and implementing compliance. today, IT also facilitates voluntary compliance by using establishing more than one interactive and digital channel with taxpayers.

This factor of current IT Structures, dubbed the 'e-tax system', may encompass support for digital registration, submitting, charge, records dissemination, and other capabilities. With admire to compliance tracking and enforcement, the 'compliance overall performance gadget' of modern IT systems offers aid to the tax administration's audit and collections function in collecting and coping with records to goal areas, where non-compliance poses the best dangers to sales. In addition, as with any employer, the 'management records gadget' (MIS) aspect of the modern IT solutions facilitates decisionmaking with the aid of getting the proper statistics to managers and staff. This IT answer landscape for tax administrations is shown in the following figure and is further special beneath.

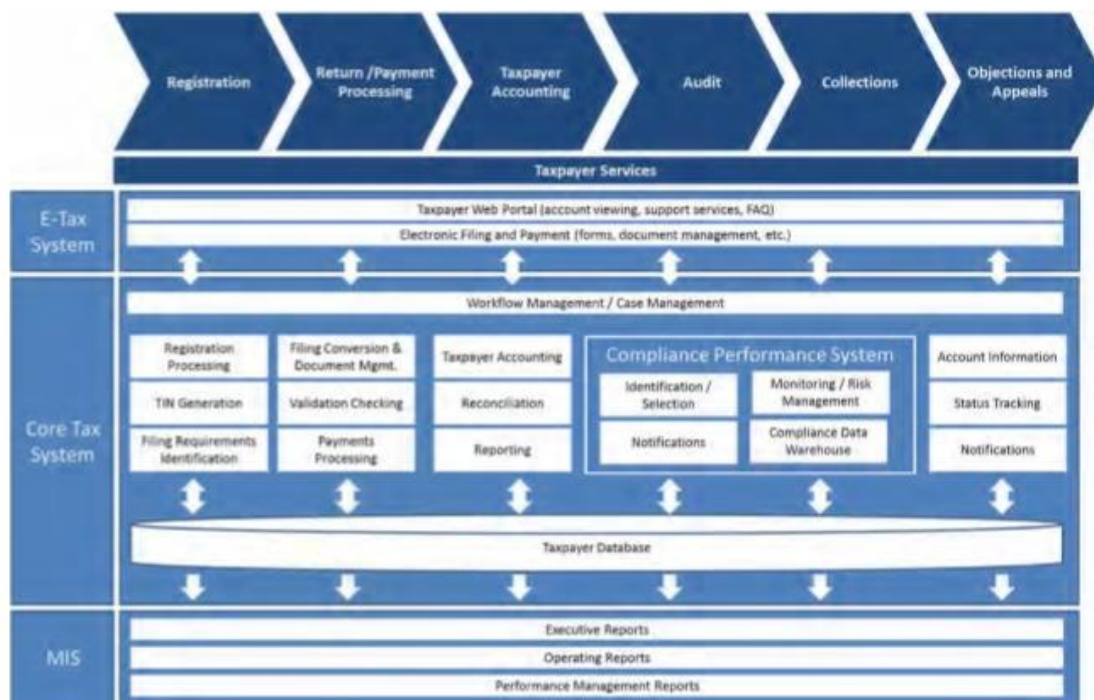


Figure 1.2: An illustrative IT solution landscape

1.4.6 CORE TAX SYSTEM

The middle tax system is the important machine of record in a tax administration and the primary enabler for automation and straight-thru processing. It provides technical guidance, at various levels, to all capabilities of the tax administration: processing of registration filings and issuing taxpayer-identification numbers (TIN); validating and processing returns and bills obtained through unique channels; maintaining the taxpayer's debts; offering equipment to discover and pursue antisocial taxpayers; automating enchantment monitoring; and providing taxpayer service workforce with get entry to taxpayer facts to allow a better stage of provider to taxpayers, amongst others. The subsequent are examples of the form of IT help for every of the tax management's capabilities.

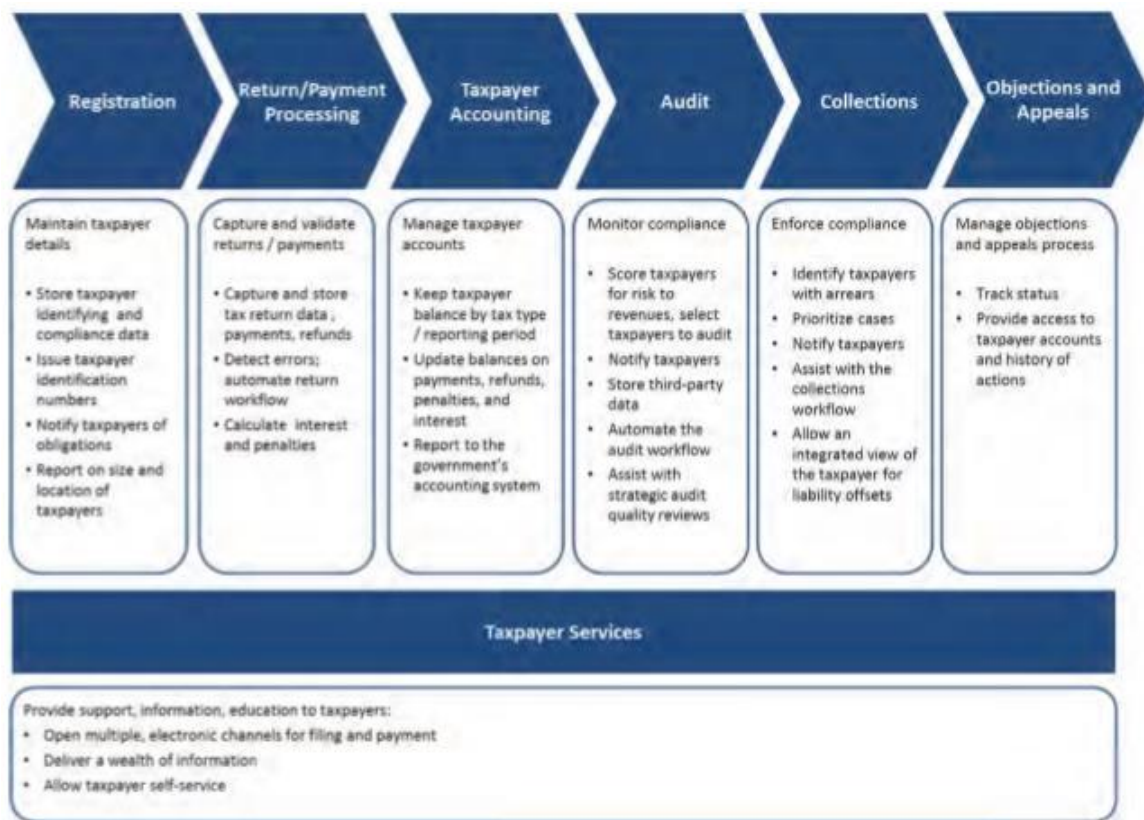


Figure 1.3: IT support to tax administration functions with the core tax system

- **Registration:**

Registration is the system, by means of which the tax management collects basic taxpayer identifying facts, such as names, addresses, and criminal entity kinds. This information lets in the tax management to understand who its taxpayers are, in which they are located, and whether or not they are active or inactive. cutting-edge tax administrations also acquire compliance records, such as commercial enterprise interest types or envisioned turnover, to plan future compliance activities. at some stage in registration, most tax administrations difficulty a precise TIN and a registration certificates, and provide the new taxpayer with facts on his or her filing and charge duties.

The primary registration functionality of a tax IT system consists of the storing and protection of taxpayer figuring out records, the automatic issuance of TINs and taxpayer certificate, and the automated dedication of taxpayer submitting requirements. effective registration with tax IT structures uses specific TINs to facilitate trade of facts between government businesses to ease the detection of noncompliance; integrates registration throughout taxes to allow for a unmarried view of the taxpayer for the duration of audit or collections;

centralizes the registration database to permit for effective non-compliance monitoring; offers a single facility to the taxpayer to register for all taxes to simplify compliance; and interfaces with the e-tax device, allowing new taxpayers to check in on line.⁵ A single centralized taxpayer registration database additionally allows right planning, permitting the tax administration to rationalize staffing and sources primarily based on the size and geographic place of the energetic taxpayer population. Many of these responsibilities could be impossible without IT. For instance, an IT device can mechanically affirm that a newly issued TIN is, in fact, unique, even as the same verification could be almost not possible manually if the taxpayer population is huge.

- ***Return, payment, and refund processing:***

Filing and paying are the number one duties of the taxpayer. Returns and bills require giant efforts from the taxpayer and from the tax administration. Their easy processing reduces charges to the tax management, reduces risks to the glide of tax revenues, and will increase actuality with the taxpayer, which improves the belief of equity amongst taxpayers and enables voluntary compliance. Tax IT structures that deal with the processing of returns and bills ought to speedy and as it should be captured and validate taxpayer facts from paper and electronic documents to electronic transactions. For example, in the course of paper return processing, the tax management body of workers will enter foremost transactions from the tax go back into the tax system. all through charge processing, price transactions can also similarly be entered into the machine, although in maximum international locations it is commonplace to allow payments through financial institutions (banks). those are processed by way of the tax management and contemplated in the taxpayers' money owed electronically and mechanically. information integrity is an essential pre-considered necessary. The tax IT device typically permits for some form of information entry verification and go back computation verification, automatically flagging exceptions. wherein errors require workforce involvement, the IT system helps the body of workers by way of automating the go back handling manner. All returns are archived electronically and are without problems handy at some point of audit and collections. return and charge information is used to automatically calculate legal responsibility, interest, and penalties. for the reason that the information access of taxpayer returns and bills stays one of the most labor in-depth capabilities within the tax management, an effective tax IT machine contains capability for electronic filing and payment, such as bills through monetary establishments.

- ***Taxpayer accounting:***

The tax management maintains taxpayer ledgers with balances of taxpayer liabilities – tax, interest, penalties, refunds owed, and others – and facts debits and credit to these balances from bills or refunds. similarly to registration, right taxpayer accounting enables different tax management functions. modern tax administrations hold balances with the aid of tax type and reporting length but allow an unmarried look at the taxpayer throughout taxes for functions of compliance or, perhaps, the offsetting of tax liabilities.

With IT, the taxpayers' accounts are timely, correctly, and robotically updated for the duration of the processing of returns, bills, refunds, and with the assessments of tax, interest, and penalties. All tax-associated Ctransactions are recorded in a formal accounting gadget for balancing, reconciliation, and reporting. historic data for all tax liabilities, bills, consequences, or hobbies are saved electronically and are instantly on hand.

- ***Audit:***

The role of the audit function is to screen compliance with the aid of analyzing returns and helping records. modern tax administrations put together an audit plan based largely on staffing levels and preceding audit enjoy and attempt to select the ones to return for an audit that poses the maximum threat to sales, therefore subjecting compliant taxpayers to rare audit interventions, whilst making doubtlessly noncompliant taxpayers absolutely aware of fees to non-compliance. Audits can be sizeable and may additionally include face-to-face interviews with the taxpayer, inspection of the taxpayer's centers, monetary ratio analysis, 0.33-celebration facts validation, and an inspection of books and records wherein sample transactions are "walked via" the entire bookkeeping system. The audit workflow is normally complicated, where an auditor may also determine now not to pursue the audit, judging lack of risk to sales, may also forward the audited go back for fraud investigations, or may additionally entire the audit and request supervisor approval of audit outcomes. Audit steps and consequences are stored in precise audit reviews for use in capability appeals and for occasional examinations for strategic audit pleasant critiques.

A primary tax IT gadget assists the tax management, first, with the audit plan, with the aid of robotically quantifying of the danger that every taxpayer poses to sales and by way of mechanically choosing high-danger taxpayers for audit. The system might also automate the audit case workflow and in a few cases will do so completely, such as through the

automatic forwarding of instances to auditors based totally on the auditors' talents and availability. The machine additionally provides applicable go back and different to be had statistics to the auditor for the duration of the actual audit and, in modern systems, may additionally provide a view of taxpayer debts that is integrated throughout taxes and tax periods. The rapid initiation of investigations in cases of ability taxpayer fraud is integrated into the enterprise and gadget approaches. Audit reviews are archived for clean get right of entry to at some stage in objections and appeals and for strategic nice evaluations. In cutting-edge structures, audit records are captured in the compliance database – discussed below – for future audits of the same or different taxpayers, due to the fact discovering pertinent statistics about one taxpayer, whilst auditing any other, is feasible. sooner or later, 0.33-party validation is in particular crucial, and the device may additionally solicit records from a variety of third-birthday celebration resources in the verification procedure (e.G., bank account statements, commercial enterprise transactions, insurers, and organization facts including fee reports, amongst others).

- ***Collections:***

Tax administrations enforce compliance via pursuing and obtaining or negotiating top notch payments, initially via engagement with the taxpayer, and, wherein essential, via prison enforcement. modern tax administrations rent an included technique to series enforcement and debt management, in which the taxpayer is handled as a single entity for tax money owed. This reduces the work load on the tax management and simplifies interactions with the taxpayer. In addition, a price-gain based technique to collections, in which the current administration prioritizes collection capability before pursuing series moves, can have a superb effect on the tax sales movement. accurate taxpayer accounting with IT can permit the collections procedure with the automatic identity of delinquent money owed and the automatic technology of applicable notices. In some countries, collections have been supported by using computerized name center facilities that goal antisocial taxpayers with calls to remind them of their taxation obligations. The collections case workflow is managed with the aid of documenting all collections movements taken and forwarding instances to appropriate officials and control. records generated at some stage in the collections system is included into the compliance database for use in future collections or audit sports. present day IT abilities in the region of collections also allow for the automated prioritization of collections cases primarily based on the capacity of the case

to produce sales.

- ***Objections and appeals:***

The taxpayer ought to be allowed to item the tax administration's choices to the administration itself and to attraction those choices out of doors the tax management (E.g., through the courts). This offers a recourse road to the taxpayer and plays a vital role in organizing a perception of equity and engendering voluntary compliance. related techniques are separate from compliance activities – audit and collections – for enough oversight to make sure that the tax administration follows the set up prison and procedural framework uniformly across taxpayers.

On account that objections and appeals are the simplest recourse movements to be had to taxpayers and are generated by way of tax payers for unique instances, those require careful consideration and the opportunity for automation is constrained. Many international locations take a "manual" view of these strategies. This stated, IT can guide the objections and appeals characteristic through providing access to taxpayer account records, monitoring the popularity of objection and attraction cases, and registering the effects of appeals. In addition, the e-tax device can permit for the digital submitting of objections and can provide on line statistics updates to the taxpayer with regard to the objection system.

1.4.7 E-TAX SYSTEM

The e-tax device gives digital registration, filing, and fee, as nicely as training and information to taxpayers. widely, the e-tax gadget is a complete net portal that bureaucracy a suite of relaxed self-service options to taxpayers, might also provide a unmarried point for records and movements, is normally to be had 24 hours a day and 7 days a week, and does no longer require intervention from tax administration staff. An e-tax device is now not always a standalone IT thing. For instance, the e-tax system ought to be incorporated with the middle tax device to offer the taxpayer with offerings, such as the capacity to view account records and the popularity of refunds. The e-tax gadget is thought of as a separate factor, as, unlike other additives, it is 'taxpayer-going through'. E-tax structures are frequently idea of totally as IT assist to taxpayer services. It have to be clean, but, that e-tax structures do extra than offer statistics, schooling, and help to taxpayers. With additives along with digital registration and filing, they also lessen the price of administering taxes.

The planning is that the arrangement of one's financial affairs in such how that without

violating in any way the legal provisions, full advantage is taken to permit tax exemptions, deductions, concessions, rebates, allowances and other reliefs or benefits permitted under the tax Act. "Tax planning isn't a post time of a couple of but it's necessity for all honest tax payeRs. A wrong decision can mean an unbearable burden while a right step within the right direction after proper tax planning can mean tons of tax saving".

Tax planning is nothing but tax avoiding formulates, it's an excellent art, which doesn't break law, yet, its bonafide. It helps in saving the tax, the salient aspect to so call good tax planning is,

i) Bonafide nature of arrangements

ii) Provision that laws aren't violated

Effective tax planning requires one to loan one's income and affairs even before actually earnings the income. it's better to plan before than latter. A salaried person should remember of the income- tax laws because it associated with income, the deduction and reliefs that are available. it's intended that on becoming conversant with the small print the people would be ready to plan the affairs within the manner whereby it maximize to require home pay.

- ***Compliance Performance System:***

The compliance performance gadget helps the tax administration in figuring out capacity noncompliance, Decide on auditing taxpayers who pose excessive income risk, prioritize those series of instances with high income potential, track enforcement periods from initiation to termination, and build knowledge in areas (industries, geographic areas) where the degree of non-compliance and fraud is consistently high. Further to the e-tax system, the compliance normal performance machine is no longer a standalone IT factor. In fact, this tool has to be included with the middle tax gadget, as it needs to draw on taxpayer records. The compliance normal overall performance device, however, is generally mentioned one after the alternative, as it has functionality and records that are very specific to compliance tracking and enforcement. For instance, audit choice calls for that each taxpayer is categorized in accordance with the chance that this taxpayer poses to the authorities' sales flow into – an undertaking that can't be completed manually and that is additionally no longer used out of doors of audit and, probable, fraud investigations. In addition, audit danger-scoring and other sports used to locate and cope with non-compliance require the storing and use of huge facts from Taxpayer accounts, to historical facts on compliance dangers, activities, and results, to 1/3-birthday celebration facts. This incorporated 'compliance data

warehouse' and the relative complexity of the compliance process workflows justify treating the compliance overall performance device as a separate element.

- ***Management Information System:***

The control information system (MIS) enables the series and dissemination of overall performance statistics throughout the tax management. It plays a vital role in the clean operation of present-day tax management by ensuring that the body of workers and management get suitable reviews at the right time. Common and correct reviews can help with figuring out rising overall performance and revenue dangers and internal issues and offer management increase caution to expand an appropriate response. as an example, in the area of collections, reviews on the stock of tax arrears, new arrears, and closed arrears assist define whether or not there is too lots new debt or whether or not there is too little production by way of the collectors. Management of the collections feature can use these and different reports to determine what number of collection instances can be addressed or placed aside, determine if exceptional techniques of contacting taxpayers must be used, gain additional team of workers, focus on a particular non-compliant region, or decide whether or not group of workers need additional education.

Despite the fact that the MIS is predicated on the taxpayer As in the above parent set, this is discussed here as a separate IT gadget problem for two reasons. First, the MIS is very vital to overall performance reporting and control. 2nd, in exercise, the MIS commonly extracts and analyzes statistics separately from the middle tax gadget. This prevents transactions that require big processing electricity, such as file retrieval, from competing towards core tax transactions. For instance, in federated machine architecture,¹⁰ an operational records shop (ODS) – a database that integrates statistics from numerous assets with the purpose of similarly processing – can be used for online analytical processing activities (OLAP), such as data manipulation and reporting, even as also integrating and standardizing data taxonomies from multiple, disparate sources.

1.4.8 KEY CHALLENGE

The key demanding situations in the late 1990s in Costa Rica protected the want to accommodate predominant tax coverage reform and to mobilize sales. In addition, as in El Salvador, Costa Rica wanted to migrate away from its obsolete mainframe technology. subsequent IT improvements had been in large part pushed by the failure of previous IT implementation efforts.

1.5 NEED AND SIGNIFICANCE OF THE RESEARCH

profits tax draws mass attention in India. Income tax is direct Tax and a critical source of revenue of union government of India. Consequently, income tax is commonly the maximum seen and discussed the factor of India's tax system. In the year 1991 in India, the share of earnings tax to gross tax revenue (GTR) (inclusive of different taxes) of union government became 19.1 percent. It has accelerated to 55.9 percent in 2013-14.

Profits tax is a progressive tax and it is based totally on the precept of the capacity to pay'. Income tax plays a crucial position in equitable distribution of the tax burden, raising direct tax sales, lowering inequalities in the distribution of income and wealth. We've got attempted to throw light on profits tax revenue increase

Traits buoyancy of earnings tax and shape of profits tax. Reforms of income tax have added approximately huge adjustments is the buoyancy of profits tax sales in India after 1991.

1.6 SCOPE OF THE STUDY

For assessing their groups total income basic pay, allowance and income through employment and taxable perquisite were included. Further efforts have been made for to find out the extent of other sources of incomes of the salaried assessee. In the analysis the respondents were divided into different sub-group such as income group, age group, department group, service group. In ascertaining the tax liability their potential tax payment is computed without taking tax saving investment, the samples were collected from the google form responses only.

1.7 OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVES

- Study on financial planning for salaried employee and strategies for tax savings.

SECONDARY OBJECTIVES

The prevailing observe is undertaken with the subsequent targets:

- To identify the elements of income and savings of the selected respondents of the study.
- To study the pattern of tax planning by individual.
- To study the difficulties of the diverse styles of assesses in getting the services from earnings-tax consultants.
- To look at the typical boom of profits-tax consultancy as a profession.
- To make appropriate suggestion and conclusion.

1.8 LIMITATIONS AND PERIOD OF THE STUDY

Underneath the earnings-Tax Act, all kinds of earning are included for tax functions. Lots of care has been taken for the inclusion of all styles of criminal earnings beneath its fold. Illegal earnings, if it's far detected, is likewise taxed below the profits-Tax Act, 1961. There is a ramification of financial sports that this leads to income. It's far very hard to classify them however for examine, purpose the researcher has classified these activities under 4 categories viz.

- 1.Business
- 2.Profession
- 3.Employment
- 4.Vocation

CHAPTER-2

LITERATURE REVIEW

2.1 REVIEW OF LITERATURE

The literature review is limited to India as revenue (personal and corporate income) only. Tax regulatory framework research varies from country to country. In addition, reports of major committees established by the Government of India, Important Books and Ph.D. Thesis, Essential Journals (EPW) and Articles were reviewed, too. A brief overview of the relevant studies is given below in this regard:

Belinga V. & Others (2014) Tested to tax buoyancy inside the lengthy and inside the brief run in 34 OECD countries for the period 1965-2012 Via the use of unmarried mistakes correction model. His result recommended that lengthy run buoyancy isn't always significantly distinct from one in approximately half of the OECD countries. For 14 nations, long term tax buoyancy exceeds one. Long run buoyancy has declined because the past due Eighties. Short run buoyancy is near one for most of the people of OECD nations, implying no in particular sturdy or weak automatic stabilization forces from tax gadget. But quick run buoyancy indicates a marked boom because the late 1980s (*Belinga others*, 2014).

Rajkumar and Vaidya (2014) Tried to examines the challenges of trying to improve revenue collection and meet the goals for sales. His studies essential conclusion is that which will the legislative duties, the previous authorities made tries to rein within the monetary deficit (FD) with the aid of mobilizing (internet tax sales, NTR) which are ad hoc in nature, and decreased its spending though the government has now not decreased its reliance on (NTR,) it expects buoyancies of all taxes to move up all through the present day monetary, which in tern relies upon upon boom for the reason that its expenditure stays unchanged as a percentage of GDP, increase is expected to take region ordinarily although non-public initiatives. Raising of exemption within the case of people can induce personal spending. Offering investment related tax relief could result in corporate investment. Reduction in customs responsibility could aid revival of production interest. The authorities relies on triggering the funding increase cycle funding specially company funding, is motivated through call for, that is adversely suffering from the economic slowdown in the absence of

private consumption and investment spending] it is authorities spending that might bolted economic increase. The reduced thrust to government spending is an possibility misplaced to provide impetus to boom and this would pose demanding situations for revenue mobilization as properly (Rajkumar and Vaidya,2014.)

Suresh and Khan (2011): Suresh & Khan Studied subject matter "trends and Tax buoyancy in organization Tax in Pre and put up Liberalization intervals in India," and concluded that the company interest and corporate earnings tax have drastically increased after liberalization. His study confirmed that the share of corporate earnings tax in GDP gross direct tax revenue and gross imperative tax revenue has expanded enormously in the post liberalization period. Its share in gross central tax sales in current years has been more than all different valuable taxes i.E.customs duty, Excise responsibility and private earnings tax. Similarly. He also concluded that the buoyancy of corporate tax with respect the GDP within the submit reform duration (1994-ninety five to 2007-08) suggests development over the pre reform duration (Suresh & Khan, 2011)

Siddhu (2003) studied subject matter on " Direct Tax Reforms in India put up liberalization situation" period of 1991-92 to 2000-2001" and draws some pointers. He found that direct tax reforms couldn't make a contribution positively to resolve the financial troubles of the usa. The discount in tax fees could not lead to better tax compliance reforms had be successful to increase the range of assesses however did not boom the critical government revenue. Eventually the researcher strongly recommended to review tax reforms rules by means of the authorities in the course of the take a look at length (Sidhu,2003).

Sarkar (1997) tested to responsiveness of company tax to profits in India with the intention to assessing the justification for the imposition of the minimal alternative tax (MAT). His research divided in two parts. In component one, the buoyancy and elasticity of Indian company tax is analyzed In element two, company tax buoyancy is analyzed at a greater prominent stage. The researcher strongly discovered that the company profits constitutes one fifth 1/five of national profits. The buoyancy of company taxation in relations to corporate profits (GDP) had been observed to hovering round unity. Price of harmony in buoyancy estimates indicated that considerable discretionary sales measures are needed to preserve corporate tax to GDP ratio. On this regards the take a look at determined that corporate tax when it comes to public company quarter was buoyant at some stage in the period 1975-

seventy six to 1989-90. but, for private corporate zone it became now not buoyant

Achar (2012) analysed saving and investment behaviour of teachers. The factors that determined the investment behaviour of teaching community were age, gender, marital status, and lifestyle, monthly family income, and family life cycle stage and upbringing status of individuals. The study conducted by *Bhardwaj, Sharma and Sharma* (2013), aimed at analysing the investment behaviour of the employees of Bahra University, Solan District. It was found that the teaching fraternity is mostly unaware about the investment opportunities in stock market and other financial securities and they preferred to invest in bank deposits.

Srividhya and Visalakshi (2013) aimed to find the relationship between the saving and investment pattern of college teachers and the following factors influence the financial decisions of investors return earning capacity of the preferred investment, annual income of the teachers, and the amount of saving per annum. According to *Vasagadekar* (2014), due to poor level of awareness among working women in Pune they make poor portfolio investment decisions. The respondents in the study were financial illiterates. *Umamaheswari and Ashok Kumar* (2014), tried to explore the investment attitude of the salaried class towards investments and the results presented limited awareness about the investment avenues, hence suggests creation of awareness among the respondents.

The research conducted by *Thulasipriya* (2014), aimed to find the saving pattern and investment preferences of households, education level, age number of dependents in the family etc. are the factors influencing investment decisions and the main purpose for saving is to secure the family from future contingencies, for children education and marriages. *Rajeswari* (2014) analysed the awareness level and preferred investment of investors in this study and it was found that bank deposits are preferred over investment avenues due to low risk and safety of funds.

Sood and Kaur (2015), aimed at studying the saving and investment pattern of salaried people in Chandigarh. The main motives for saving and investment are children's marriage and education, retirement plans. An attempt is made by *Sathiyamoorthy & Krishnamurthy* (2015) to study the investment pattern and awareness of salaried class investors in Tiruvannamalai district of Tamil Nadu. The demographic factors such as education level, age of investors, and number of family members influence the investment decisions. The preferred investment avenues are bank deposits, insurance policy, government schemes.

Shukla (2016) analysed the preference of investors towards various investment avenues. The study disclose that the salaried investors prefer to invest in those avenues which provide security to their investments such as fixed deposits and post office saving schemes and in traditional avenues such as gold, silver and precious stones. The two major factors along with personal factors of the investors that influence their investment decisions are financial responsibilities and accumulation of wealth for future.

A study conducted by Totala (2016) aimed at finding investment preferences of salaried persons of Indore. It is found that the investment is made in traditional schemes more when compared with other financial securities. The researcher suggested that there must be an awareness created through the curriculum of investment. Kani (2016) evaluated different factors and instruments on the basis of risk return aspects and tax benefits derived from the same. The study revealed that investors are aware about various factors affecting the investment decisions both short term as well as long term investment and hence they do not take any advice from the experts. They prefer self analysis by themselves.

Gupta (2012) made an attempt analyse the economic impact of personal income tax on different types of assesses. It is found in the study that the high income tax rates is a burden on salaried class of people which curbing their interest of saving as they receive very less benefits in the purview of taxation system prevailing in the country, hence, in order to motivate and increase the saving habits and investment the researcher is come up with few suggestions that will improve tax planning of the employees and there by the savings of these people will fall in the form of investments for the economic development as there will be an increase in tax compliance rate

Frederick, Joseph and Pereria (2017), aimed to study the awareness level of working women towards tax benefits schemes in Allahabad. The research findings reveal that basic tax awareness with respect to tax slabs and date of filing is also very low. Hence the researcher is suggested to educate these working women about tax benefit schemes. Palil, Ahmad and Md Akir (2013), aimed to analyse the role of religiosity with respect to tax education and tax knowledge towards tax compliance. The study revealed that rate of tax compliance was lower compared to their education and knowledge towards tax. It was concluded that religious values play a prominent role in increasing tax compliance of a tax payer over their education and knowledge of taxation.

Hastuti (2014) mainly aimed to investigate tax awareness between business and non-business students and also the student's perception towards tax education and it was found that there is a significant difference with respect to tax awareness and student perception between the business and non-business students. To increase tax base for the country it is necessary to educate every individual with tax laws irrespective of stream of study. *Khader (2017)*, aimed to ascertain the awareness level of tax planning measures among teachers from M.E.S Ponnani College. The study revealed that sample are found to be cautious in tax matters, but most of them are partly aware about deductions under section 80, rebate and reliefs available to them. The priority of choice of scheme is traditional schemes as they are low risk perceivers and also lack the awareness about the modern schemes such as mutual funds, shares etc.

Bhinde (2013) is made an attempt to trace the awareness of income tax provisions and tax planning amongst salaried assesees. The study revealed that the respondents are aware of the basic exemption limit applicable to them, tax rates and other basic knowledge about taxation but they lack the knowledge of planning their tax to reduce the burden hence prefer the service of tax consultant in planning their income

The study conducted by Vasanthi (2014) aiming to analyze tax planning pattern of salaried assessee, revealed that tax knowledge is very high and lot of personal factors influence their tax planning. It was evident from the study that though the professionals earn better income it is the section of employees who pay prompt taxes to the government. *Mansuri & Dalvadi (2012)* studied the level of tax awareness and tax planning practice of selected individual assesses, the study revealed that 99% respondents are aware of income tax act; 15% respondents are not aware about penalty; 79% respondents are aware with the areas of tax planning; 77% of respondents have thorough knowledge of tax saving schemes. And 81% of respondents plan their tax among the sample chosen for the study.

Mathew (2016), aimed to examine the knowledge of tax planning, investment avenues that are available to reduce tax burden. The level of tax literacy was poor and financial literacy is appreciated only towards traditional financial investments such as gold, silver, bank deposits, post office savings etc. *Pourkiani, Asgharpoor & Hosseini (2015)*, aimed to examine the factors that impact the attitude of the tax payers and the study revealed the fact that necessary steps should be taken to create a culture of tax and strong supervision is

necessary to monitor the same and the author is recommending publication of clear guidelines on tax and implementation of technology to ease the procedure of taxation also levy huge penalties for non-compliance.

Jose & Joseph (2016) analysed the level of tax compliance, efficiency and effectiveness of e-filing measures and the tax planning measures adopted. The results of the study presented that 80C deductions are the avenue chosen by salaried class to save tax and regularity in filing returns is seen among the salaried class because of safety and ease of filing returns. The research study conducted by Dey & Varma (2016), aimed to assess the awareness of individuals on various tax saving schemes and findings reflected the poor awareness on tax laws and schemes and hence the author insist on conducting few public awareness program to educate tax payers.

Ronald.C.Gable (1983) conducted a study on investments and financial planning of individuals and it was observed that each individual must be responsible for his or her financial decision making. Only knowledgeable active decision makers will achieve financial security. The study observed that all planning is purposeful and financial planning can be done only by those who sets goals and actively strive to implement those goals.

Dr.G.Thimmaiah (1984) provided a theoretical background to the principles of tax design and tax reform. The defects in the existing taxes in India were discussed against such theoretical background and outlined the need and scope for tax reforms in Indian tax structure. The study covered most of the direct taxes of the Central Govt. and also gave attention to important indirect taxes levied by the central and state governments

Sunnykutty Thomas (1998) studied the tax planning practices among the salaried people of Kerala, in general to judge the extent of awareness and compliance of tax planning schemes among the salaried people. The study revealed that there is a positive relation between tax planning awareness and assessment age. It was found that neither the tax administration nor the employer had framed any regular methodology so far to impart training to the salaried people in effective tax planning. The study also revealed that there was a significant variation among the employees of different employment sector as regards the number of tax planning schemes selected by them. The study concluded that even though employees were aware of certain tax planning schemes, they were not implementing the decision of tax planning in their actual life.

Muneer (2002) studied the awareness of college and university department teachers on tax planning measures and the investment pattern followed by them for availing tax benefits under the Income Tax Act. The study included the tax planning measures adopted by the respondents for the AY 2001 - '02. It was observed that there was a general level of awareness among the respondents on the various tax planning measures available under the Income Tax Act. However, there was variation in the extent of awareness among the respondents regarding certain tax planning measures.

Rini Hastuti (2014) conducted a study, It employed 341 students of Soegijapranata Catholic University (SCU); they then were divided into two groups that were 54.3% business and 45.7% non-business students. Meanwhile there are significant differences of student's perception in the importance of tax education and the need to have tax as a subject between the groups. This research is mainly aimed to investigate contextual and ethical tax awareness between business and non-business students; it is also investigate student's perception if tax is important therefore they need to learn since it is unavoidable onus. Level of the importance and the need between the two groups is significantly difference.

Tax is a contribution exacted by the state- *Chambers English Dictionary (1992)*. Taxes are confined to compulsory, unrequested payments to government (OECD, 1988; vide Wilkinson, 1992:2). While planning is the "process of determining in advance the factors necessary to achieve a set of goals; designing an effective means of achieving some future goals (ends)- Kohler's Dictionary for Accountants (cooper & Ijiri, 1984:383)". According to Lakhotia and Lakhotia (1998), tax planning takes minimum advantage of the exemptions, deductions, rebates, reliefs and other tax concessions allowed by tax statutes, leading to the reduction of the tax liability of the taxpayers.

According to Scholes and Wolfson (1992:3), "traditional approaches to tax planning fail to recognise that effective tax planning and tax minimisation are two different concepts. This is because, in a World of costly contracting, implementation of tax minimising strategies may introduce significant costs along non-tax dimensions. Therefore, the tax minimisation strategy may be undesirable". After all, a particularly easy way to avoid paying taxes is to prevent investing in profitable ventures. Thus, effective tax planning means not minimising taxes, but maximising after-tax rates of return on assets.

A Recent study by *Slemrod (2004)* proposed a new perspective on treating corporate tax planning with the agency theory developed by Jensen and Meckling in 1976. Tax planning is defined as all activities designed to produce a tax benefit (Wahab & Holland, 2012). Slemrod (2004) opined that tax planning is of wider public interest since it can affect the level of provision of public goods which can then contribute to social issues. Non-governmental groups such as Oxfam (2009), Christian Aid (2009), and Trade Union Congress (2009) also examined tax planning from the social justice perspective. Desai et al. (2009) measured tax planning as the total book-tax differences (BTD) controlled for total accruals. Tax planning is seen as a veritable investment for shareholders because it reduces the tax burden that significantly weighs companies and shareholders (Chen, Chen, Cheng & Shevlin, 2010). Although, shareholders may not promote the activities of tax planning because of the potential costs (Chen et al., 2010).

Desai and Dharmapala (2009) investigated the relationship between tax avoidance activities and firm value using a sample of 862 U.S firms. In the research, tax avoidance is measured by a book-tax gap, while Tobin's q is the proxy for firm value. They found no significant direct relationship between tax avoidance activities and firm value. Wang (2010) examines the relationship between tax avoidance, corporate transparency, and firm value. The author used effective cash rates and permanent book-tax difference to measure tax avoidance with firm value as a proxy by Tobin's q and using S & P 1500 firms in the period 1994-2001. The author found a positive significant relationship between tax avoidance and firm value.

Chashiandani and Martani (2012) examined the relationship between long-run tax avoidance behaviour and firm value by using a sample of non-banking and financial firms quoted on the Indonesian Stock Exchange between 2010 and 2011. The authors used a method similar to that employed by Dyreng Hanlon, & Maydew (2008) who measured long-run tax avoidance and firm value is proxied by Tobin's' q. They found that long-run tax avoidance has a significant negative relationship with firm value, the study suggests that firm with lower ETR, has higher firm value. In the same vein, Desai and Dharmapala (2009) found no direct relationship between tax planning and market performance. The reasons for this indirect and insignificant relationship are the complex nature and tax implications of the transactions; hence, it becomes difficult for stakeholders to evaluate the performance of the firm fully. Tax planning can be measured by using Effective Tax Rate (ETR) and tax savings.

Swenson (1999) found a negative relationship between ETR and share price because of the significant effects of a long-term sustainable reduction in ETR on market capitalization and shareholders' value. This finding is in tandem with the saying that a penny of tax savings could have a multiplying effect on the market value (Mintz, 1999). Because of this mixed result, it is suggested that shareholders should weigh tax planning related information in valuing firms, that is, only valid information about tax planning activities should be considered. Bauman and Shaw (2005) found that shareholders do not appear to impinge fully the earnings implication of interim ETR into share prices. In the author's opinion, it seemed that shareholders rely on audited information in the form of annual ETR as a measure of tax planning. This is consistent with some studies like Amir and Sougiannis, 1999; Desai and Hines, 2002; who found a positive relationship between tax planning and firm value. Abarbanell and Bushee (1997) found a negative correlation between ETR and share prices. The negative correlation is justified on the ground that, there are constraints on analysts' forecast in conveying earnings information in the short-run, and this leads to omission of value related information in the prediction. There is also, the failure on the part of the analyst to include the information that will influence investor's decision. There is also the problem of little attention on financial statement information which also influences the investor's general analysis or decision.

A 1997 survey by *John Hancock* Mutual Life Insurance found that 50 % of respondents thought money-market funds invest in stocks and bonds, that 40 % were not aware that a balanced fund invests in both stocks and bonds, and that only a quarter knew bond prices move inversely to interest rates (Glass, 1998).

In 1997, "Money" magazine and the Vanguard Group surveyed the investment knowledge of 1,555 mutual fund investors and found that the mean score on a 22-item test was 51% ("Mutual Fund Literacy Test," 1997). Only 20 % of investors could answer 70% of the questions on the test. The 1996 Retirement Confidence Survey found that the majority of American workers have a limited financial knowledge regarding issues important in planning and saving for retirement. Only one-third of workers had a high degree of financial knowledge, while 55% had a moderate level, and 11% had low knowledge levels ("Mutual fund...", 1997).

NationsBank and the Consumer Federation of America supported a telephone interview survey with a representative sample of 1,770 households nationwide on their financial goals, financial strategy, and basic knowledge about important financial matters. Among 1,533 savers, only 8% of respondents got at least three- quarters of the 14-question test of knowledge correct. Sixty-one percent got fewer than half of the questions correct, and the average score was only 42%. Those with higher knowledge scores had higher saving levels than those with lower scores (Princeton Survey Research Associates, 1997).

Another survey by Princeton Survey Research Associates in 1999 studied knowledge about consumer rights and regulations and investment issues. Forty-two percent thought that loan payments could not be deducted from the homeowner's paycheck and 15% were not sure, while 43% answered correctly. Based on four questions, 64% of 16 respondents were described as having some knowledge or little or no knowledge about investments.

2.2 INFORMATION TECHNOLOGY

Information technology facts technology is gear, devices, and sources used to talk, create, manipulate, and percentage facts. They encompass hardware (computers, modems, and cellular telephones), software program (pc programs, mobile cellphone packages), networks (wi-fi communications, internet) and basically worried with the motive of collecting, processing, storing and transmitting relevant information to aid the control operations in any companies (Adewoye & Olaoye, 2014). It's miles a system that provides historical data on the modern-day reputation and projected facts, all accurately summarized for the ones having establishments or paperwork (Adigbole & Olaoye, 2013). Obi (2003) conceptualized that information era is useful inside the vicinity of selection making as it could reveal with the aid of itself disturbances in a machine, decide a path of motion and take motion to get the gadget in control. Adewoye & Olaoye (2009) stated that the destiny planning facts technology is constructed the usage of the subsequent; humans, statistics processing, records communicate, statistics gadget and, retrieval and device making plans.

2.3 TAX ADMINISTRATION AND JURISDICTION

One factor is to make policies, rules, and rules in an try to gain a preferred goal or goal and it's far any other element to implement these policies, guidelines, and regulations. The organs in fee of tax coverage implementation in Nigeria are called the executive organ.

Efficiency and effectiveness need to be the watchword in designing a tax management shape a good way to provide the favored end result. Kiabel & Nwokah (2009) noted citing segment a hundred of the private income tax decree, 1993 and amended via decree No 18 – finance (miscellaneous taxation provision decree 1998 that tax authority inside U. S. A. Are Federal Inland sales provider, state Board of inner sales and nearby government revenue Committee, collectively with the Joint Tax Board (JTB) and Joint state sales Committee. The assignments of every are guided by constitutional provision. The federal charter gave the federal government one-of-a-kind strength to gather levies like private earnings tax, corporations income tax, petroleum income tax, capital gains tax, excise responsibilities, value-delivered tax, custom responsibilities (import duties and export obligations), stamp responsibilities, all excluding training tax are paid into the federation account for distribution a few of the 3 stages of presidency in keeping with countrywide constitution. States are given the energy to gather private profits tax in appreciate to all taxable people except the ones of the defense force personnel and person personnel inside the federal capital territory, proper of occupancy costs on lands owned by using the kingdom authorities within the city regions, marketplace taxes and levies wherein country finance is worried, naming of street in the state capital, leisure tax, survey expenses, swimming pools making a bet and other betting taxes amongst others, even as the constitution gave the local government the characteristic to collect license (trading) motor part dues, assets tax, shops, and kiosk charge, home animal license, tenement prices, on and stale liquor license, slaughter slab prices, market tax, motor park levies, cattle tax, naming of road excluding the ones inside the state capital, merriment and street closure levy, radio and tv license charges, automobile radio license fees, incorrect parking prices, spiritual places status quo allow charges, and signboard, advertisement permit charge, and public comfort, sewage and disposal charges (Adeleke, 2011; Ojo, 2008).

2.4 INTENTS OF TAX ADMINISTRATION

Ola (2001) conceptualized that taxation is an effective and capability fiscal stabilizer employed by way of government of countries to plan improvement regulations. The top purpose of tax administration in most countries of the arena is basically to generate revenue for authorities expenditure on social welfare consisting of the provision of defense, regulation, and order, fitness offerings, and training. Revenue from taxation can also be spent on capital initiatives otherwise known as consumer expenditure, growing social and

economic infrastructure if you want to improve the social existence of the people (Ariwodola, 2000). Other than this top cause of taxation, it may be used as a critical tool in any country's economy for promoting investment via the use of tax incentives and attractive tax exemptions which result in neighborhood and foreign investors in areas which include manufacturing of goods, export processing, and oil and gasoline, so also, taxation is usually used as an instrument for discouraging certain sorts of antisocial behavior within the society. Anti-social behavior including ingesting alcohol, smoking, and pool making a bet may be managed by using the imposition of higher taxes on the production of such items (Ariwodola, 2000).

2.5 ELEMENTS OF A VIABLE TAX ADMINISTRATION SYSTEM

In appreciate to Olaoye (2008), a very good tax system have to be primarily based on the following standards: efficacy;a viable tax system have to advocates that ethics of professionalism transparency, duty, probity and performance in tax series; simplicity, the tax gadget and the tax law should be simple, bendy and adjustable, with a view to compliance with the aid of tax payers and efficiency in operation with the aid of tax administrators; neutrality which means that an awesome tax system should be unfastened from any shape of partiality; economic system, tax system ought to make the monetary scenario higher off and no longer worse off. It have to no longer have an effect on adversely the financial contribution of the tax payer. Greater so, the compliance charges to the tax payers and the executive charges to the government have to not negatively have an effect on country wide output of taxes gathered; fairness, a feasible tax device must no longer be arbitrary nor must the amount payable be inspired through prejudice or non-public feelings; truth,this stipulates that the time of charge, the way of price and the amount to be paid need to be clean to the tax payer as well as the taxing authorities, convenience which relates to mode of charge and the timing. This principle stipulates that the time and way of payments ought to not in comfort the tax payer; productivity which stipulates that an excellent tax machine need to be capable of produce huge amount of sales.

2.6 PERQUISITES FOR IMPLEMENTING ELECTRONIC TAXATION MACHINE

Dowe (2008) argued that the fundamental prerequisites for imposing a success e-filing and e charge systems are: a dependable and available net carrier; cooperative financial establishments; an IT orientated public; and good enough financing to set up the best

infrastructure in tax places of work. Preferably, the setting of an e-filing and e-payment device needs to shape a part of a complete IT design, development and implementation method, which correlates the view of Muita (2011) that for e-filing to efficiently take off; competencies, infrastructure, and conducive commercial enterprise surroundings are wanted. The implementation technique for electronic tax systems starts off evolved with the development of a strategic business plan – documenting the ideas and actions, preferred consequences and the time frame for each issue, taking into account the strengths and weaknesses of the tax administration and environmental possibilities and threats. The plan has to additionally document the implementation strategy which includes the implementation approach. Many countries have taken a slow method by permitting voluntary E-submitting and e-payment for pick segments of the taxpayer base, e.G. People or corporations best, in the initial levels to permit for live testing of the system. After testing is whole submitting will become obligatory for some taxpayers, e.G. Organizations (Dowe, 2008). Further to the above, an efficient e-taxations device wishes regular electricity supply, prepared seminars for taxpayers and tax officials at the utilization secured, person friend and smooth assessable internet site and law.

2.7 PITFALLS OF ADOPTING INFORMATION TECHNOLOGY IN TAX ADMINISTRATION

Ideally, the adoption of IT-facilities in administering taxation can result in indifference attitude on the fee of taxes, rubbish-in-rubbish-out, that is imputation of incorrect figures that will result in wrong calculation of tax legal responsibility through online tax calculator, poor internet facility, negative power to electricity host server, high fee of preservation of ICT facilities, loss of technical know-how by means of tax administering agencies, high degree of illiteracy amongst lower earnings earners that characterized the population, occurrence of internet hackers. So also, O seni (2015) opined that using ICT can be catastrophic if carelessly employed by way of each the taxpayers and the tax directors as scammers and hackers of the net facilities can make use of the ignorance or the lax protection of the gadget manner of payment and the amount to be paid should be clear to the taxpayer as well as the taxing authorities, convenience which relates to mode of payment and the timing. This principle stipulates that the time and manner of payments should not inconvenience the taxpayer; productivity which stipulates that a good tax system should be able to produce a large amount of revenue.

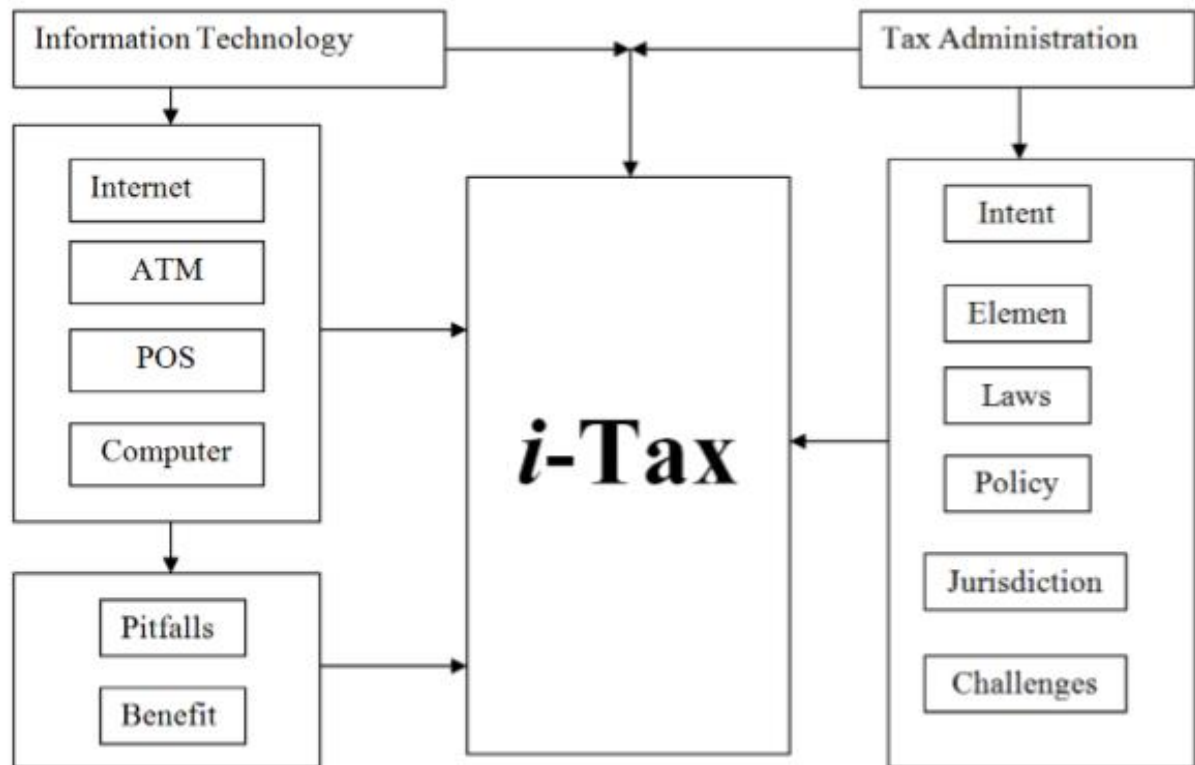


Figure 2.1: i-Tax connectivity

The study becomes carried out in Southwest, Nigeria which created from the following States Ekiti, Ondo, Oyo, Osun, Ogun and Lagos state. The observe followed descriptive survey design and population of the take a look at which consisted of all participants of body of workers within the companies of presidency (federal and country) responsible for tax administration in Southwest, Nigeria, at the same time as pattern which comprised of participants of team of workers apart from unprofessional cadre (gatemmen, clerical staffs, messengers) changed into purposively selected.

The questionnaire as a research tool, even as the face and content validity and check-retest technique become respectively used to measure its validity and reliability. It becomes later administered to a complete of 100 and twenty (one hundred twenty) members of a team of workers of the said groups. In studying the records accumulated, inferential statistics within the form of multiple regression and Pearson product-moment correlation have been used. So additionally, the subsequent diagnostic check; variance inflation thing (VIF), White Heteroskedasticity take a look at and Brush-Godfrey LM to take a look at were performed in different to ensure reliability and validity of the consequences.

CHAPTER-3

RESEARCH METHODOLOGY

The existing examine is essentially exploratory studies. As such, in order to gather involved primary information, survey and commentary methods are used. For you to verify the perception of the person, firm and employer assessee, a separate questionnaire is ready for each sort of assessments and administered. That is a descriptive form of research. Consequently easy types of statistical techniques which include average, percent, and so forth. Are used to research the statistics.

3.1 RESEARCH DESIGN

The research design used for the study is descriptive. Descriptive research studies are those, which are concerned with describing the characteristics of a particular individual or group. The studies concerned with specific prediction with narration of facts and characteristics concerning individual group or situation are all examples of descriptive research studies.

3.2 SAMPLING TECHNIQUE

In this research Convenience sampling is used.

- **NON-PROBABILITY SAMPLING**

Non-probability sampling procedure, which doesn't afford any basis for estimating the probability that every time within the population has been include within the sample. Convenience sampling (also referred to as availability sampling) may be a specific sort of non-probability sampling method that relies on data collection from population members who are conveniently available to participate in study

3.3 SOURCES OF DATA

PRIMARY DATA: The primary data for this study is collected through questionnaire consisting of multiple-choice questions.

SECONDARY DATA: Secondary data means data that are already available i.e. they refer to the data which Have a already been collected and analyzed by someone else. secondary data may either be published data or unpublished. It is collected from;

- Journals
- Magazines
- Websites

3.4 STRUCTURE OF QUESTIONNAIRE

Multiple choice questions and yes or no questions.

3.5 SAMPLE SIZE

A sample of 205 responses collected from google form. The collection was done through questionnaire method.

3.6 PERIOD OF STUDY

The period of time taken to conduct the survey and prepare the research paper is 3months

3.7 ANALYTICAL TOOLS

1. Percentage Analysis
2. Independent T-test
3. ANOVA
4. Correlation

PERCENTAGE ANALYSIS

Percentage refers to a special kind of ratio in making comparison between two or more data and to describe relationships. Percentage can also be used to compare the relation terms the distribution of two or more sources of data

Number of Respondents

Percentage of Respondents = ----- x 100.

Total Respondents

INDEPENDENT T-TEST

A t-test is a type of inferential statistic used to determine if there is a significant difference between the means of two groups, which may be related in certain features. It is mostly used when the data sets, like the data set recorded as the outcome from flipping a coin 100 times, would follow a normal distribution and may have unknown variances. A t-test is used as a hypothesis testing tool, which allows testing of an assumption applicable to a population.

ANOVA

Analysis of variance is a statistical analysis tool that separates the total variability found within a data set in to two components random and systematic factors. The random factors do not have any statistical influences on the given data set, while the systematic factors do. The ANOVA test is used to determine the impact independent variables have on the dependent variable in a regression analysis.

Source	Sum of Squares	DoF	Mean Square	F ₀
Factor	$SSF = J \sum (\bar{y}_{i.} - \bar{y}_{..})^2$	I-1	$MSF = SSF / (I - 1)$	MSF / MSE
Residual	$SSE = \sum \sum (y_{ij} - \bar{y}_{i.})^2$	I(J-1)	$MSE = SSE / (I(J - 1))$	
Corr. Total	$SST = \sum \sum (y_{ij} - \bar{y}_{..})^2$	IJ-1		

CORRELATION

The correlation that indicates the strength of the relationship between the two variables. The measure of the relationship between two variables. The measure is best used in variable that demonstrate a linear relationship between each other. The fit of the data can be visually represented in a scatterplot. Using a scatterplot, we can generally asses the relationship between the variables and determine whether they are correlated or not.

CHAPTER-4

DATA ANALYSIS AND INTERPRETATION

4.1 PERCENTAGE ANALYSIS

TABLE 4.1: SHOWING AGE OF THE RESPONDENTS

Age	NO. OF RESPONDENTS	Percentage
18 to 25	40	20%
25 to 35	61	30%
35 to 40	51	25%
Above 40	53	26%
Total	205	100%

Source: Primary data

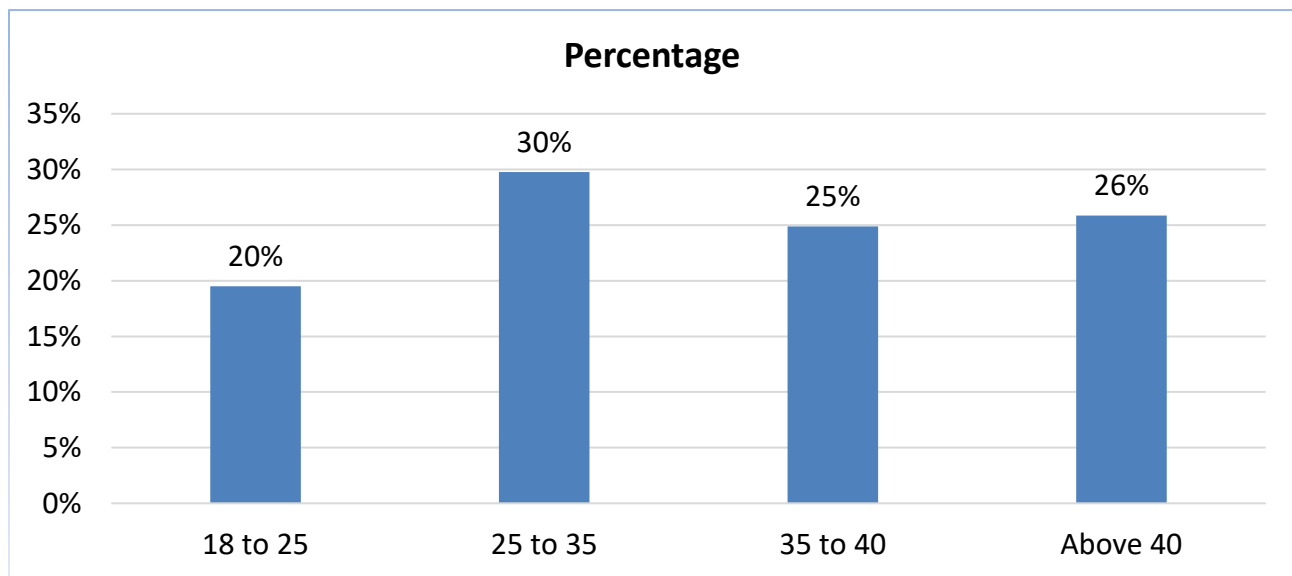


CHART 4.1: SHOWING AGE OF RESPONDENTS

INTERPRETATION:

From the above table it is interpreted that 20% of the respondents are 8 to 25 years, 30% of the respondents are between 25 to 35 years, 25% of the respondents are between 35 to 40 years ,26% of the respondents are between Above 40 years .

INFERENCE:

Majority of the respondents are between 25 to 35 years.

TABLE 4.2: SHOWING GENDER OF THE RESPONDENTS

Gender	NO. OF RESPONDENTS	Percentage
Male	101	49%
Female	104	51%
Total	205	100%

Source: Primary data

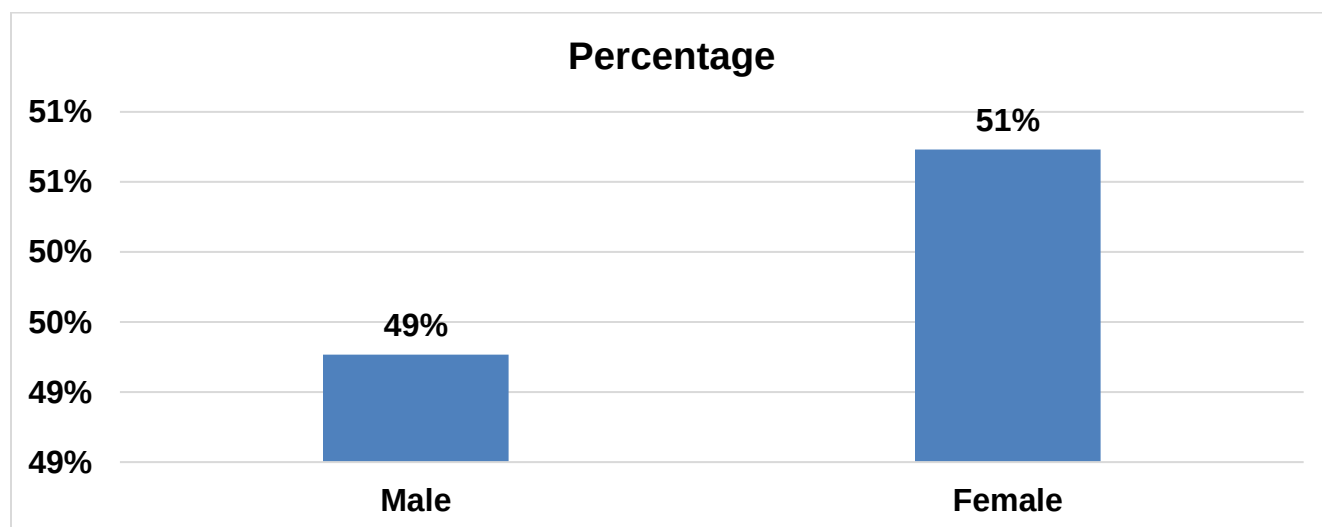


CHART 4.2: SHOWING GENDER OF THE RESPONDENTS

INTERPRETATION:

From the above table it is interpreted that 49% of the respondents are males And 51% of the respondents are females.

INFERENCE:

Majority of the respondents are Females.

TABLE 4.3: SHOWING EDUCATIONAL QUALIFICATIONS

Education level	No of Responses	Percentage
Doctorate	20	10%
Post graduate	82	40%
Graduate	91	44%
Higher Secondary	12	6%
Total	205	100%

Source: Primary data

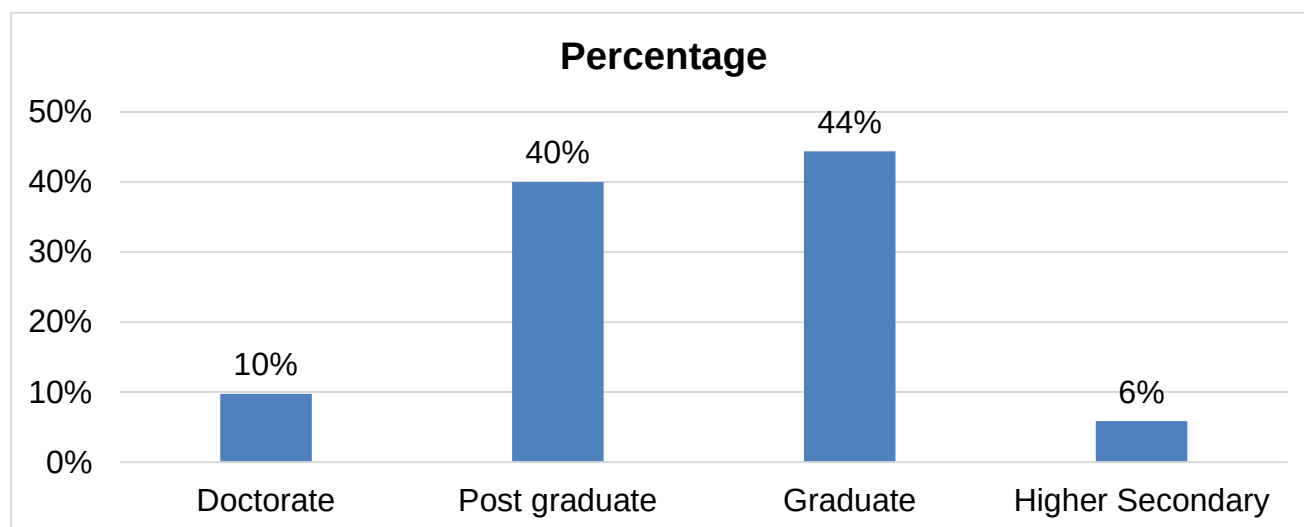


CHART 4.3: SHOWING EDUCATIONAL QUALIFICATIONS

INTERPRETATION:

From the above table it is interpreted that 10% of the respondents has completed Doctorate, 40% of the respondents has completed Post graduate, 44 % of the respondents are Graduate, 6% of the respondents are Higher Secondary.

INFERENCE:

Majority of the respondents are graduates.

TABLE 4.4: SHOWING INCOME PER ANNUM

Income per Annum	No of responses	Percentage
Above 10lakh	13	6%
7.5lakh to 10lakh	63	31%
5lakh to 7.5lakh	66	32%
less then 5lakh	63	31%
Total	205	100%

Source: Primary data

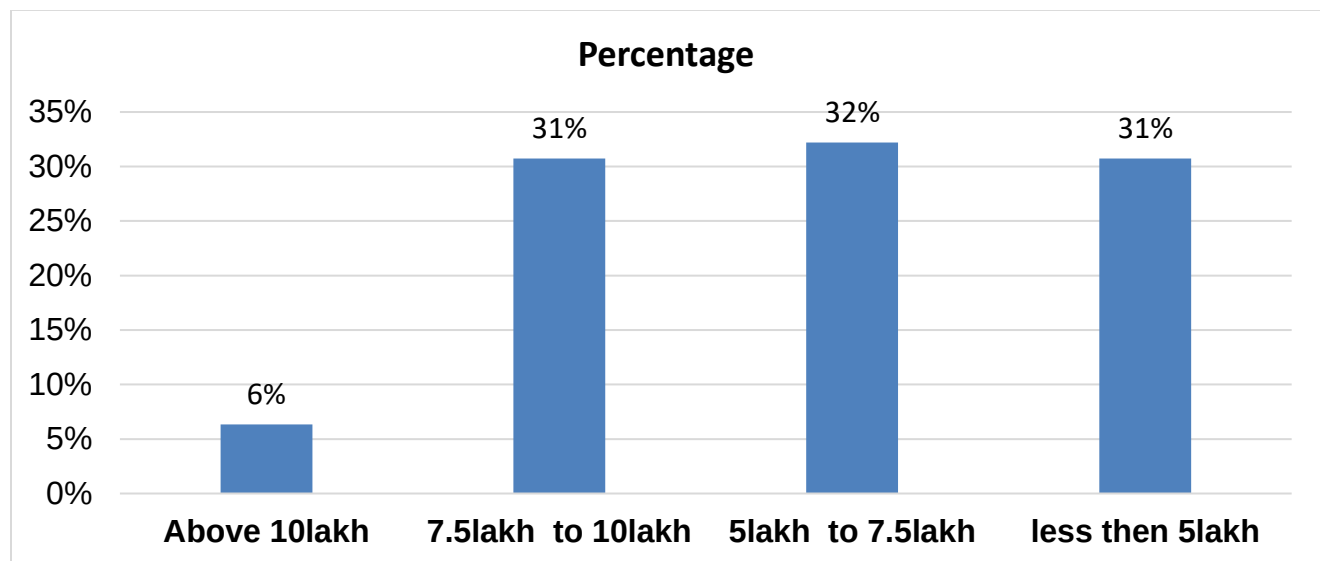


CHART 4.4: SHOWING EMPLOYEES INCOME PER ANNUM

INTERPRETATION:

From the above table it is interpreted that 6% of the respondents are Above 10lakh, 31% of the respondents are 7.5lakh to 10lakh, 32 % of the respondents are 5lakh to 7.5lakh, 31% of the respondents are taking less than 5lakh income per annum.

INFERENCE:

Majority of the respondents are 5lakh to 7.5lakh.

TABLE 4.5: SHOWING RECEIVE INCOME FORM INTEREST AND/OR DIVIDENDS

Receive income from interest and/or dividends?	No of responses	Percentage
Yes	95	46%
No	110	54%
Total	205	100%

Source: Primary data

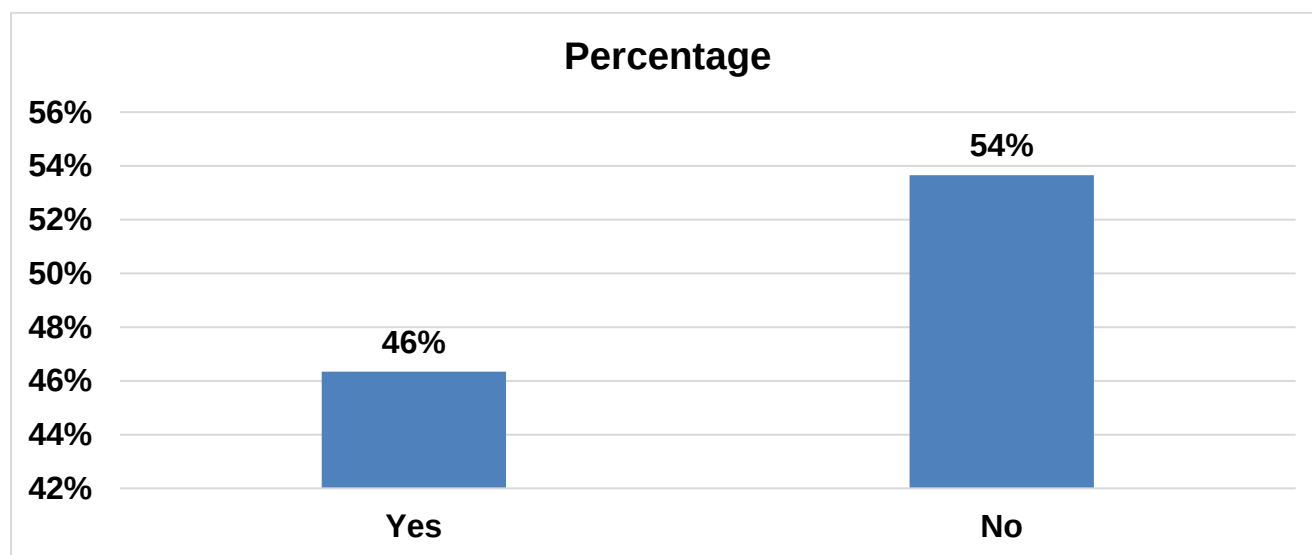


CHART 4.5: SHOWING RECEIVE INCOME FORM INTEREST AND/OR DIVIDENDS

INTERPRETATION:

From the above table it is interpreted that 46% of the respondents has mention Yes to the question of receive income Form interest and/or dividends, and 54% of the respondents has mention No to the question of receive income Form interest and/or dividends.

INFERENCE:

Majority of the respondents are mention No.

TABLE 4.6: SHOWING DID YOU RECEIVE A STATE TAX REFUND?

Did you receive a state tax refund?	No of percentage	Percentage
Yes	74	36%
No	131	64%
Total	205	100%

Source: Primary data

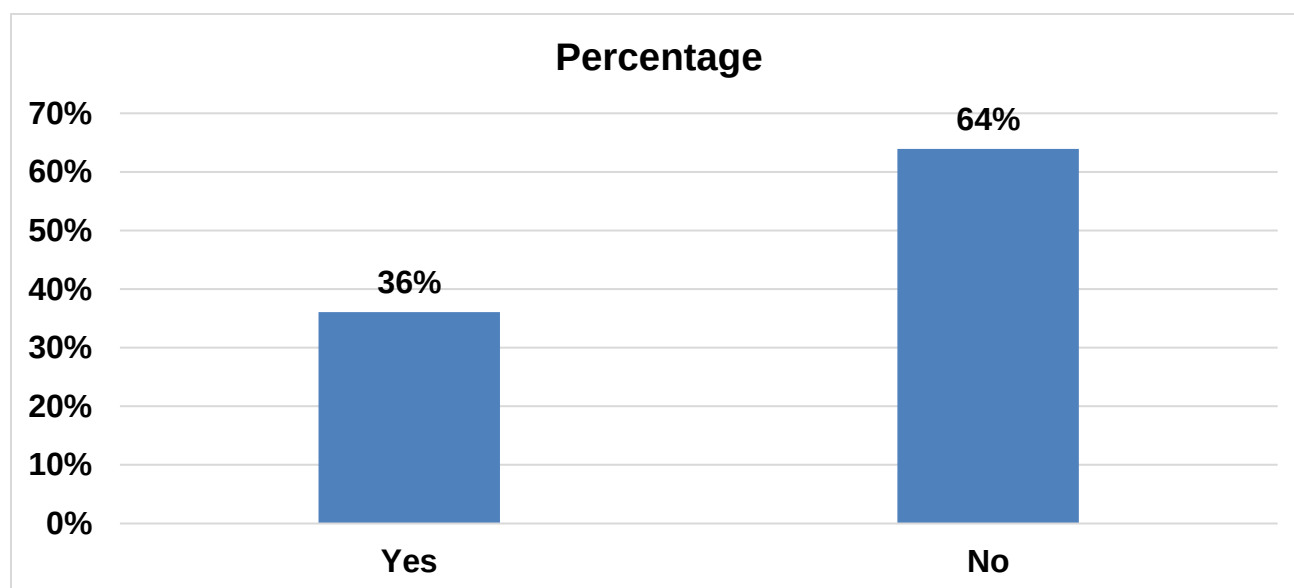


CHART 4.6: SHOWING RECEIVES A STATE TAX REFUND

INTERPRETATION:

From the above table it is interpreted that 36% of the respondents has mention Yes to the question of receive a state tax refund, and 64% of the respondents has mention No to the question of receive a state tax refund.

INFERENCE:

Majority of the respondents are mention No.

TABLE 4.7: SHOWING PAY ALIMONY

Pay alimony	No of responses	Percentage
Yes	97	47%
No	108	53%
Total	205	100%

Source: Primary data

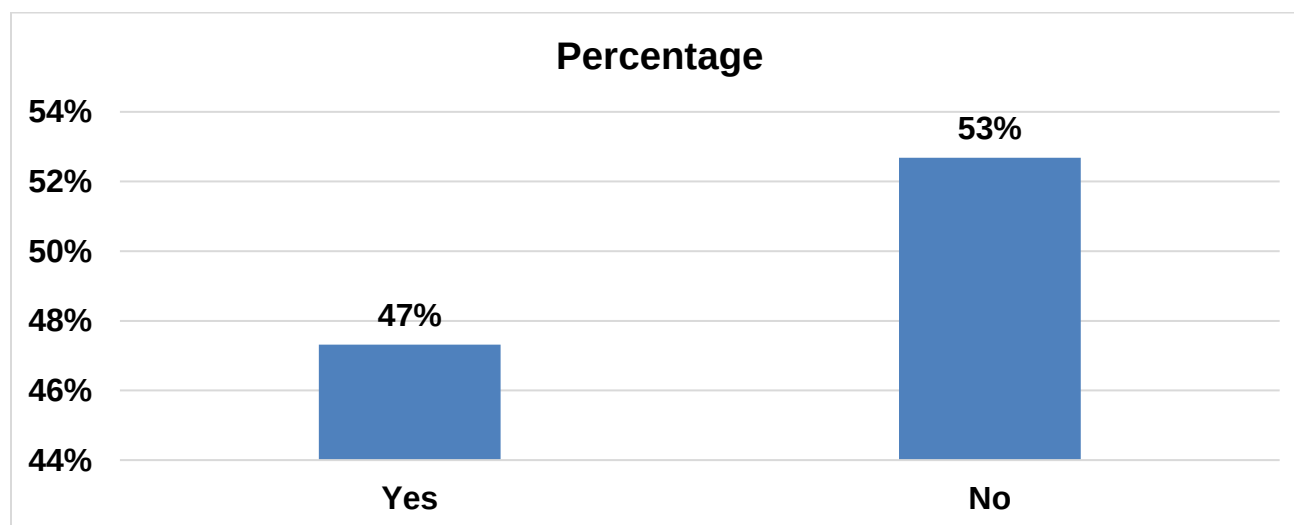


CHART 4.7: SHOWING PAY ALIMONY

INTERPRETATION:

From the above table it is interpreted that 47% of the respondents has mention Yes to the question of pay alimony, and 53% of the respondents has mention No to the question of pay alimony.

INFERENCE:

Majority of the respondents are mention No.

TABLE 4.8: SHOWING NEW LOAN PAY POINTS

New loan pay points	No of Responses	Percentage
Yes	80	39%
No	125	61%
Total	205	100%

Source: Primary data

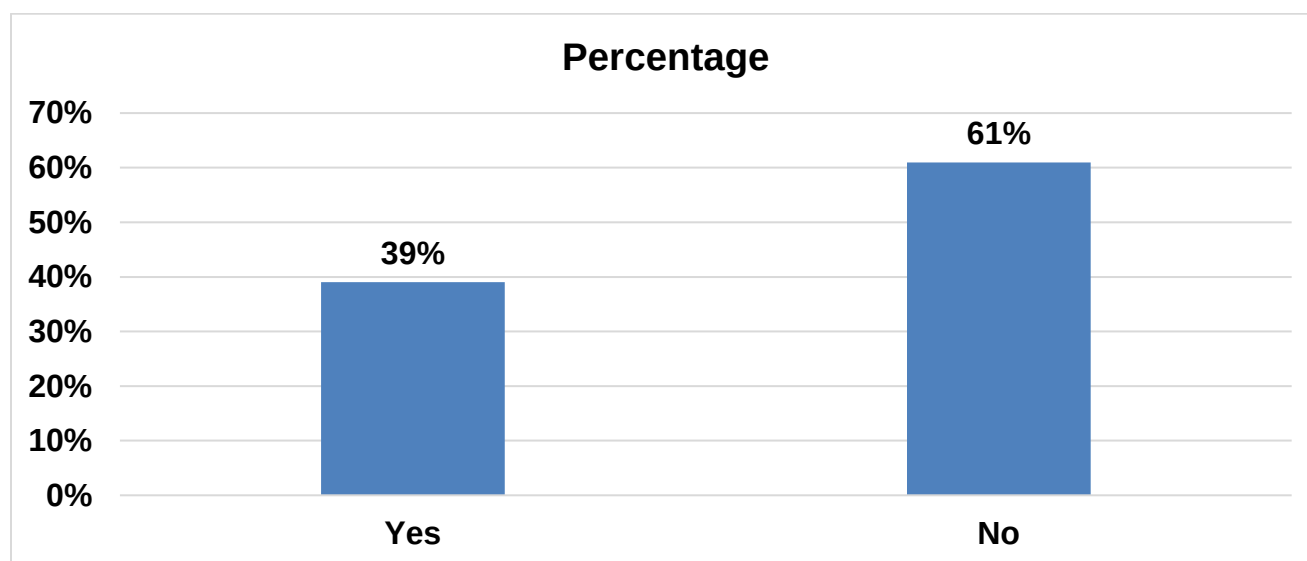


CHART 4.8: SHOWING NEW LOAN PAY POINTS

INTERPRETATION:

From the above table it is interpreted that 39% of the respondents has mention Yes to the question of new loan pay points, and 61% of the respondents has mention No to the question of new loan pay points.

INFERENCE:

Majority of the respondents are mentioned No.

TABLE 4.9: SHOWING U.S SOURCE INCOME

U.S Source income	No of Responses	Percentage
Yes	82	40%
No	123	60%
Total	205	100%

Source: Primary data

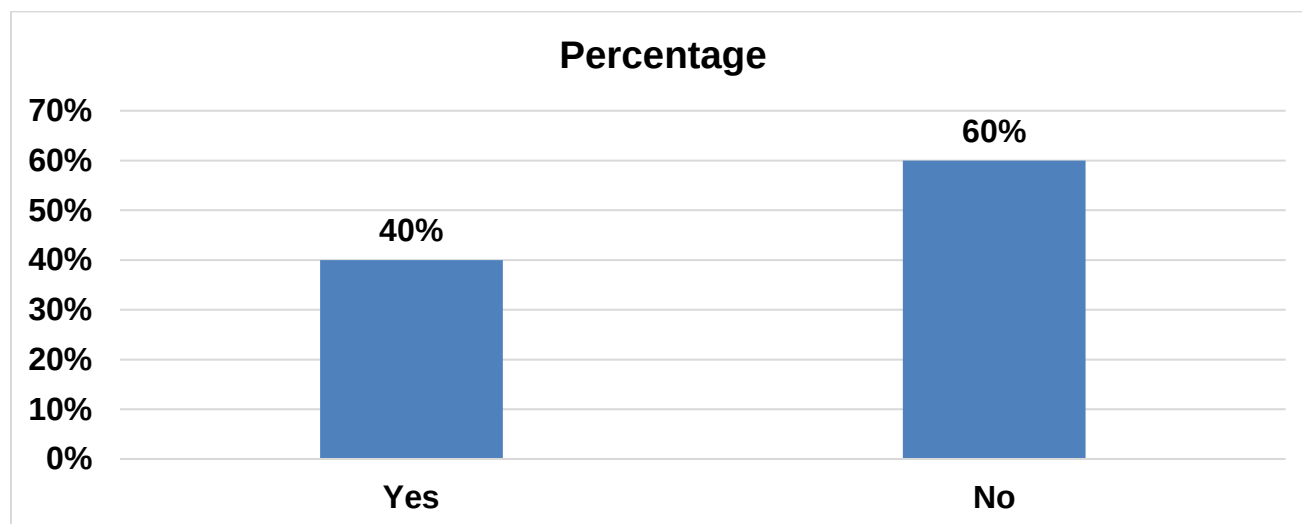


CHART 4.9: SHOWING U.S SOURCE INCOME

INTERPRETATION:

From the above table it is interpreted that 40% of the respondents has mention Yes to the question of U.S source income, and 60% of the respondents has mention No to the question of U.S source income.

INFERENCE:

Majority of the respondents are mention No.

TABLE 4.10: SHOWING REGULAR TAX PAYER

Regular tax payer	No of responses	Percentage
Yes	91	44%
No	114	56%
Total	205	100%

Source: Primary data

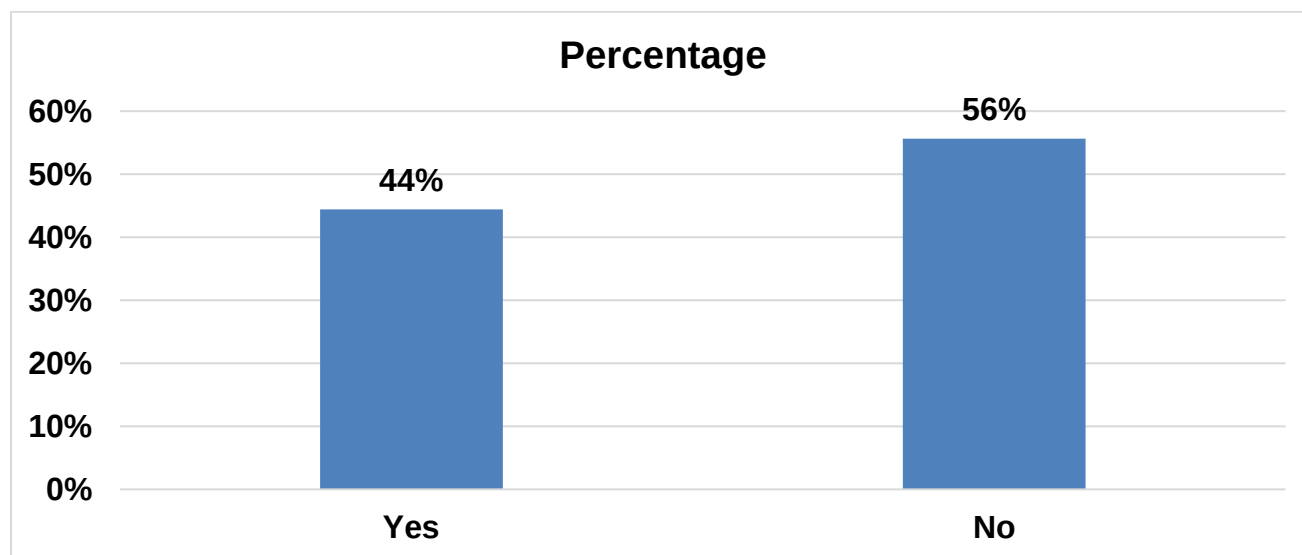


CHART 4.10: SHOWING REGULAR TAX PAYER

INTERPRETATION:

From the above table it is interpreted that 44% of the respondents has mention Yes to the question of Regular tax payer, and 56% of the respondents has mention No to the question of Regular tax payer.

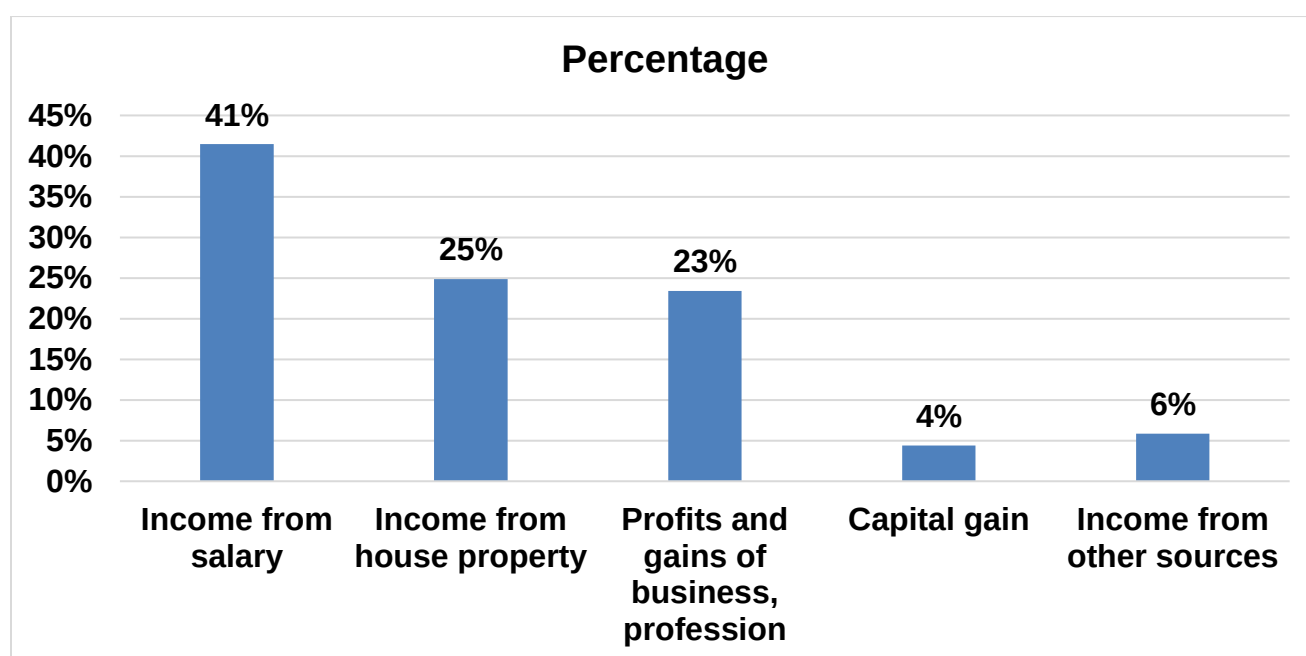
INFERENCE:

Majority of the respondents are mention No.

TABLE 4.11: SHOWING HEADS OF INCOME

Heads of income	No of Percentage	Percentage
Income from salary	85	41%
Income from house property	51	25%
Profits and gains of business, profession	48	23%
Capital gain	9	4%
Income from other sources	12	6%
Total	205	100%

Source: Primary data

**CHART 4.11: SHOWING HEADS OF INCOME****INTERPRETATION:**

From the above table it is interpreted that 41% of the respondents are income from salary, 25% of the respondents has income from house property, 23 % of the respondents are profit and gains of business, profession , 4% of the respondents are capital gain and 6% of the respondents are income from other sources.

INFERENCE:

Majority of the respondents are income from salary.

TABLE 4.12: SHOWING GOVERNMENT'S ANNUAL BUDGET PROVISIONS

Government's Annual Budget provisions	No of Responses	Percentage
Yes	114	56%
No	91	44%
Total	205	100%

Source: Primary data

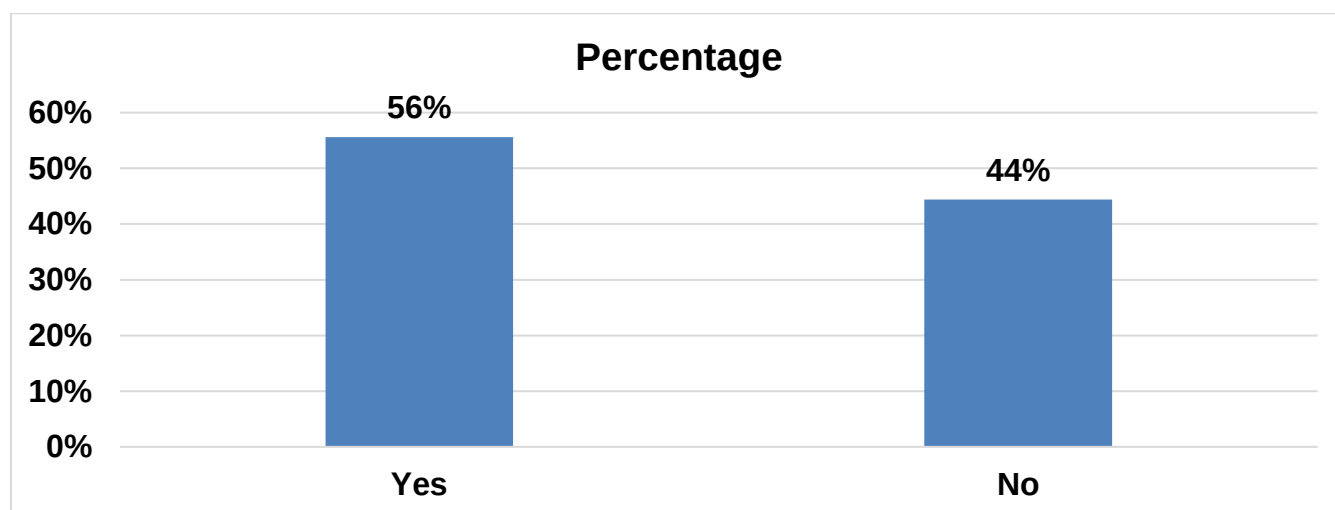


CHART 4.12: SHOWING GOVERNMENT'S ANNUAL BUDGET PROVISIONS

INTERPRETATION:

From the above table it is interpreted that 56% of the respondents has mention Yes to the question of government's annual budget, and 44% of the respondents has mention No to the question of government's annual budget.

INFERENCE:

Majority of the respondents are mention Yes.

TABLE 4.13: SHOWING IMPACT OF TAX CONSULTANT

Impact of tax consultant	No of Responses	Percentage
Yes	113	55%
No	92	45%
Total	205	100%

Source: Primary data

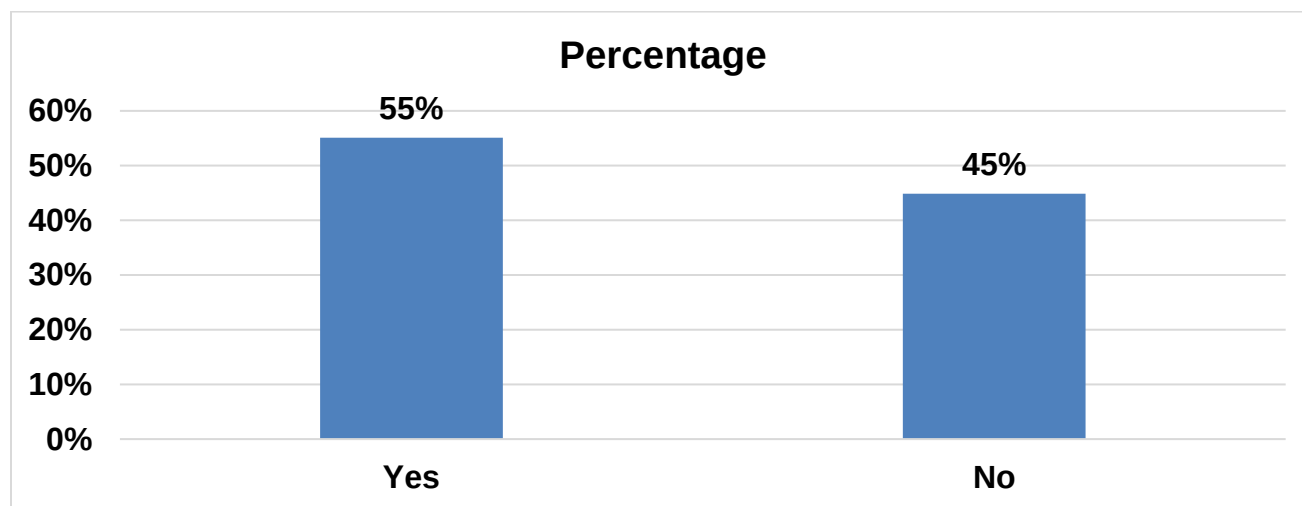


CHART 4.13: SHOWING IMPACT OF TAX CONSULTANT

INTERPRETATION:

From the above table it is interpreted that 55% of the respondents has mention Yes to the question of impact of tax consultant, and 45% of the respondents has mention No to the question of impact of tax consultant.

INFERENCE:

Majority of the respondents are mention Yes.

TABLE 4.14: SHOWING REASONS FOR FILLING THE FIRST RETURN

Reasons for filing the first return	No of Responses	Percentage
Regular provision	58	28%
Refund claim	58	28%
Carry forward of loss	67	33%
Notice from Income Tax Department	22	11%
Total	205	100%

Source: Primary data

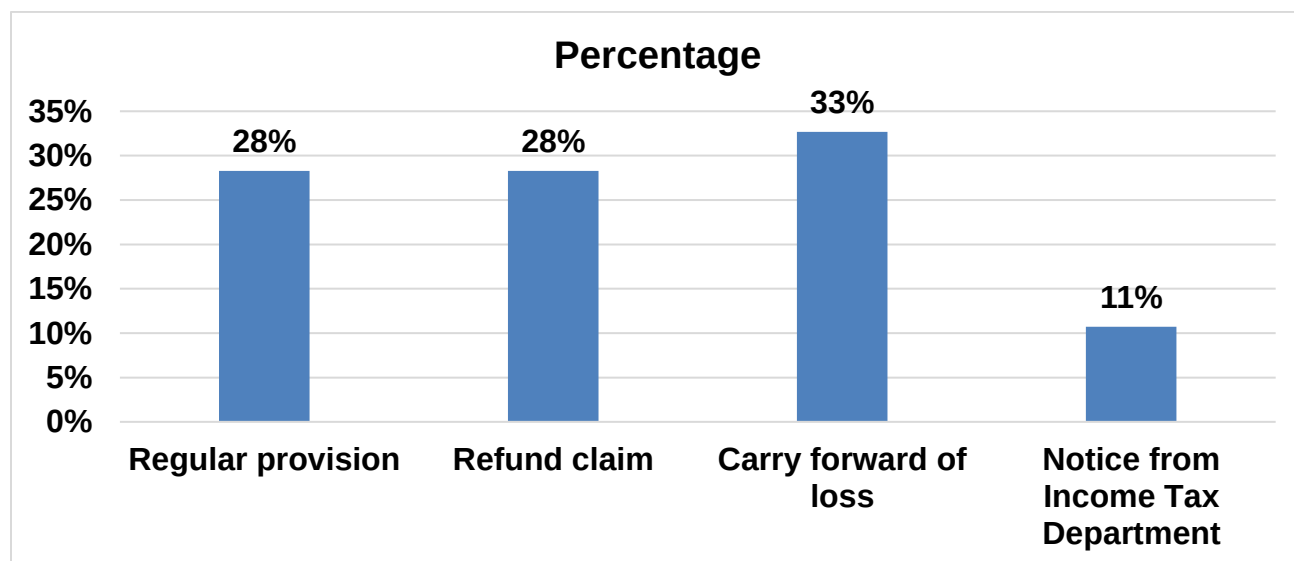


CHART 4.14: SHOWING REASONS FOR FILLING THE FIRST RETURN

INTERPRETATION:

From the above table it is interpreted that 28% of the respondents are regular provision, 28% of the respondents are refund claim, 33 % of the respondents are carry forward of loss, 11% of the respondents are notice from income tax department.

INFERENCE:

Majority of the respondents are carry forward of loss.

TABLE 4.15: SHOWING PENALTY FOR FILLING UP TAX RETURNS LATE

Penalty for filing up tax returns late	No of Responses	Percentage
Yes	101	49%
No	104	51%
Total	205	100%

Source: Primary data

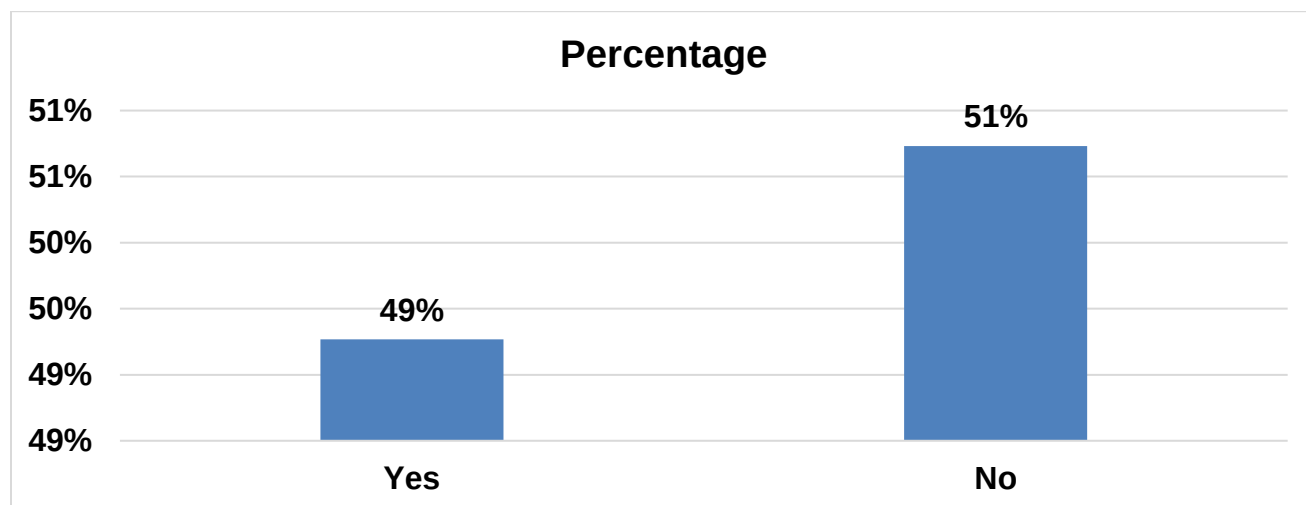


CHART 4.15: SHOWING PENALTY FOR FILLING UP TAX RETURNS LATE

INTERPRETATION:

From the above table it is interpreted that 49% of the respondents has mention Yes to the question of penalty for filling up tax, and 51% of the respondents has mention No to the question of penalty for filling up tax.

INFERENCE:

Majority of the respondents are mention No.

TABLE 4.16: SHOWING INCOME TAX MISPLACEMENT

Income tax misplacement	No of Responses	Percentage
Yes	91	44%
No	114	56%
Total	205	100%

Source: Primary data

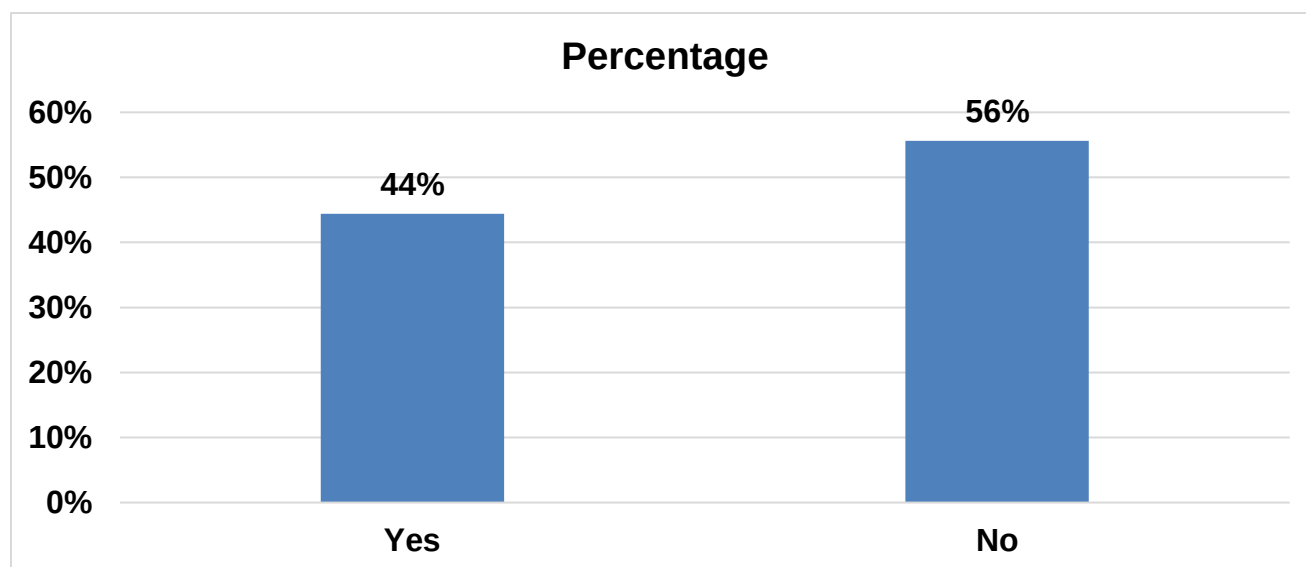


CHART 4.16: SHOWING INCOME TAX MISPLACEMENT

INTERPRETATION:

From the above table it is interpreted that 44% of the respondents has mention Yes to the question of income tax misplacement, and 56% of the respondents has mention No to the question of income tax misplacement.

INFERENCE:

Majority of the respondents are mention No.

TABLE 4.17: SHOWING DISCUSSION OF FINANCIAL MATTER

Discussion of financial matter	No of Responses	Percentage
Yes	101	49%
No	104	51%
Total	205	100%

Source: Primary data

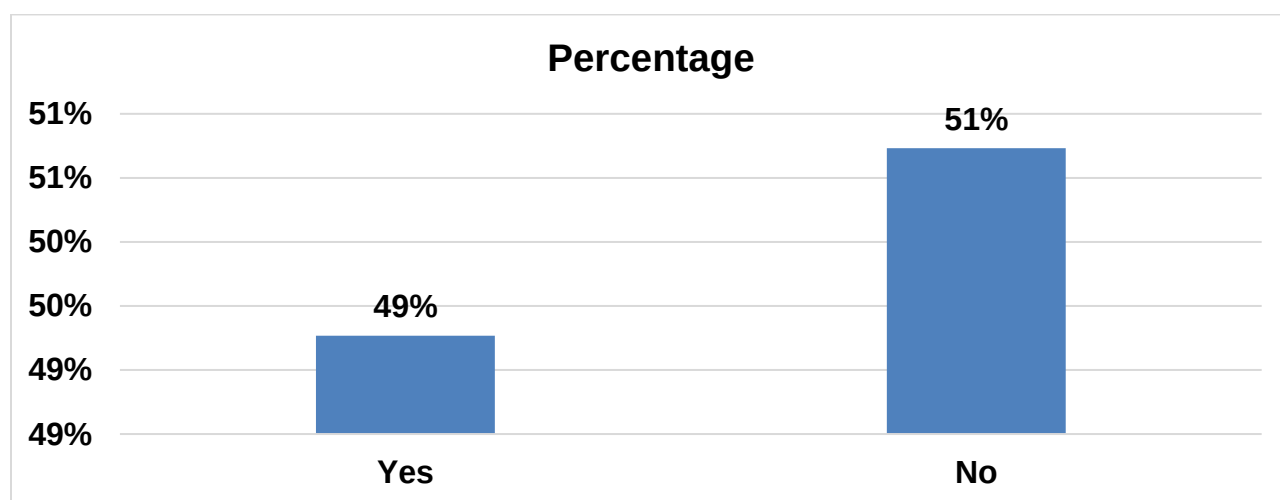


CHART 4.17: SHOWING DISCUSSION OF FINANCIAL MATTER

INTERPRETATION:

From the above table it is interpreted that 49% of the respondents has mention Yes to the question of discussion of financial matter, and 51% of the respondents has mention No to the question of discussion of financial matter.

INFERENCE:

Majority of the respondents are mention No.

TABLE 4.18: SHOWING YEARS OF FILLING RETURNS WITH THE CURRENT TAX CONSULTANT

Years of filing returns with the current tax consultant	No of Responses	Percentage
0-5 years	71	35%
5-10 years	58	28%
10-15 years	53	26%
15-20 years	17	8%
More than 20 years	6	3%
Total	205	100%

Source: Primary data

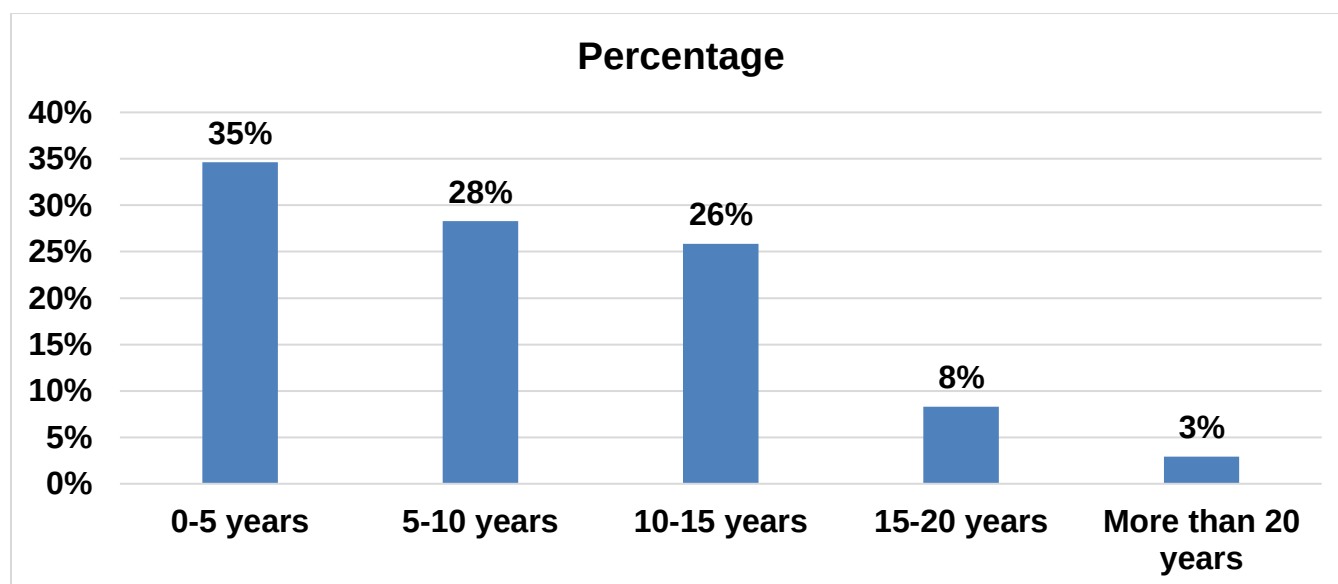


CHART 4.18: SHOWING YEARS OF FILLING RETURNS WITH THE CURRENT TAX CONSULTANT

INTERPRETATION:

From the above table it is interpreted that 35% of the respondents are 0-5years, 28% of the respondents are 5-10years, 26 % of the respondents are 10-5 years, 8% of the respondents are 15-20 years and 3% of the respondents are more than 20 Years.

INFERENCE:

Majority of the respondents are 0-5 Years.

TABLE 4.19: SHOWING THIS YEAR TAX CONSULTANT CHANGES

This Year tax consultant changes	No of Responses	Percentage
Yes	94	46%
No	111	54%
Total	205	100%

Source: Primary data

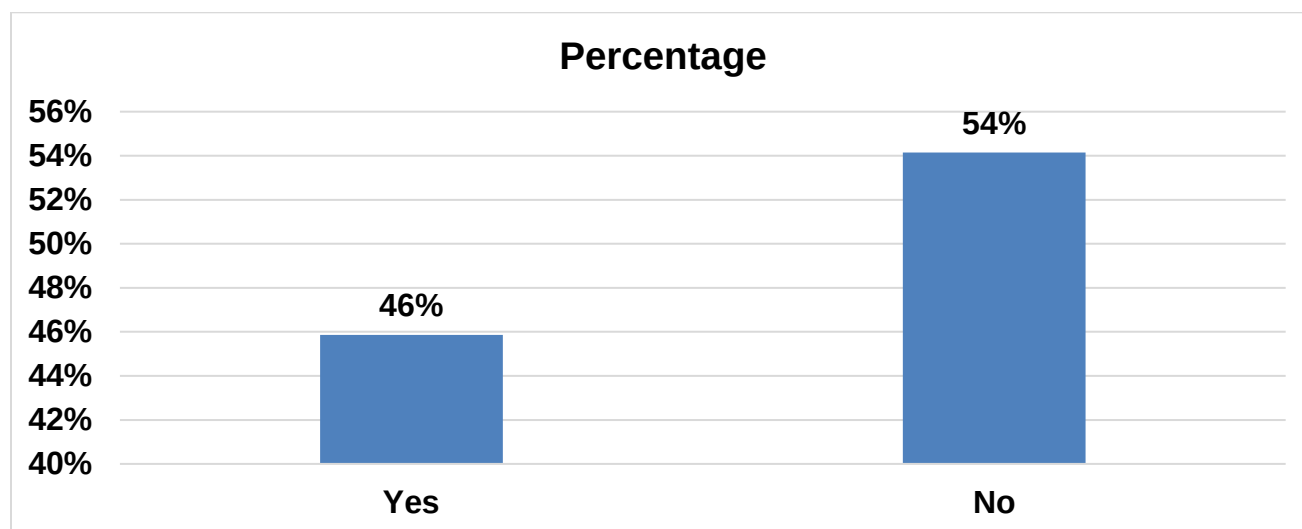


CHART 4.19: SHOWING THIS YEAR TAX CONSULTANT CHANGES

INTERPRETATION:

From the above table it is interpreted that 46% of the respondents has mention Yes to the question of this year tax consultant changes, and 54% of the respondents has mention No to the question of this year tax consultant changes.

INFERENCE:

Majority of the respondents are mention No.

TABLE 4.20: SHOWING SATISFACTION OF TAX CONSULTANT SERVICES

Satisfaction of tax consultant services	No of Responses	Percentage
Fully satisfied	62	30%
Partly satisfied	100	49%
Not satisfied	43	21%
Total	205	100%

Source: Primary data

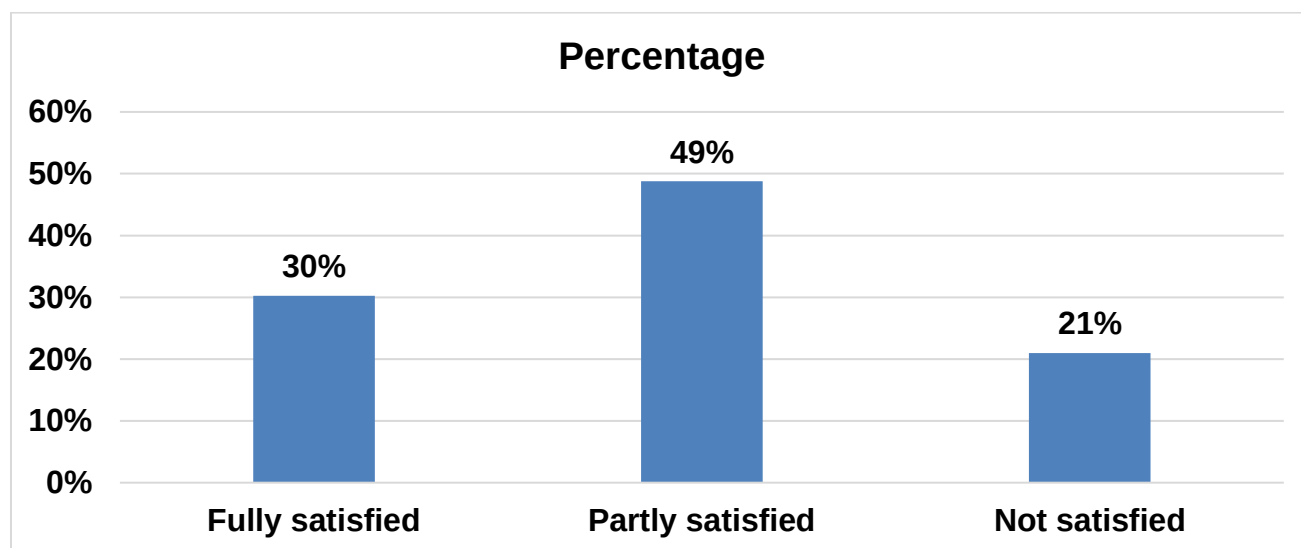


CHART 4.20: SHOWING SATISFACTION OF TAX CONSULTANT SERVICES

INTERPRETATION:

From the above table it is interpreted that 30% of the respondents are fully satisfied, 49% of the respondents are partly satisfied, 21 % of the respondents are not satisfied.

INFERENCE:

Majority of the respondents are Partly satisfied.

TABLE 4.21: SHOWING MISPLACEMENT OF ANY DOCUMENTS REGARDING INCOME TAX

Misplacement of any documents regarding income tax	No of responses	Percentage
Yes	94	46%
No	111	54%
Total	205	100%

Source: Primary data

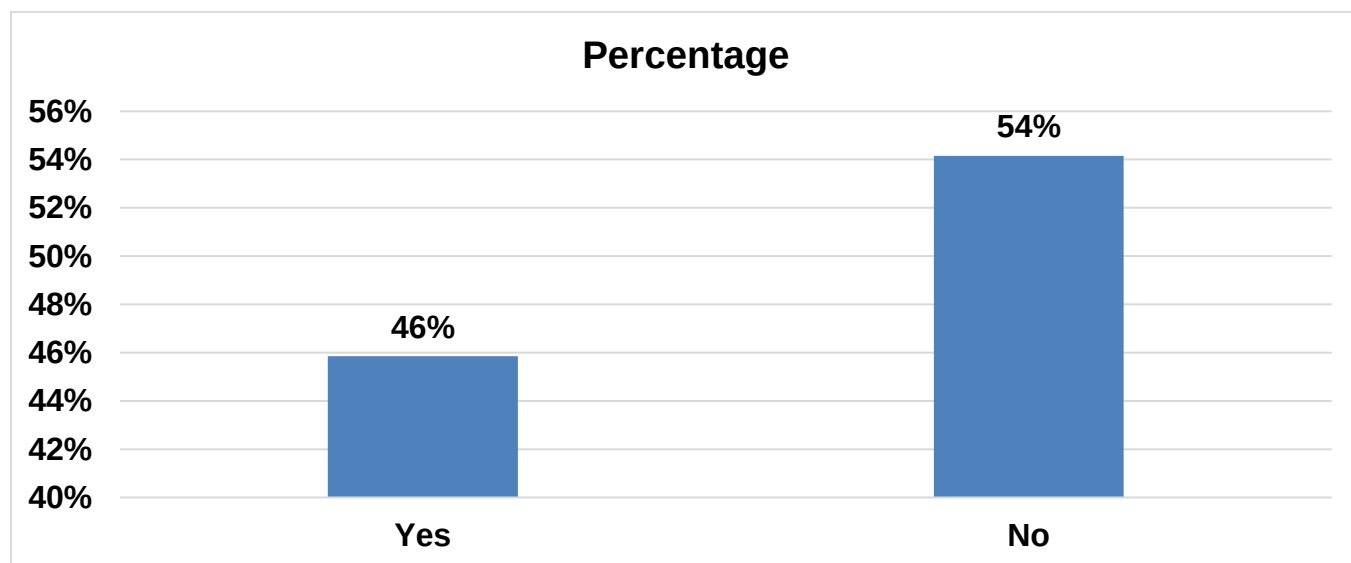


CHART 4.21: SHOWING MISPLACEMENT OF ANY DOCUMENTS REGARDING INCOME TAX

INTERPRETATION:

From the above table it is interpreted that 46% of the respondents has mention Yes to the question of misplacement of any documents regarding income tax, and 54% of the respondents has mention No to the question of misplacement of any documents regarding income tax.

INFERENCE:

Majority of the respondents are mention No.

TABLE 4.22: SHOWING REAL DEFAULT

Real default	No of Responses	Percentage
Yourself	63	31%
Your tax consultant	68	33%
Any other reason	74	36%
Total	205	100%

Source: Primary data

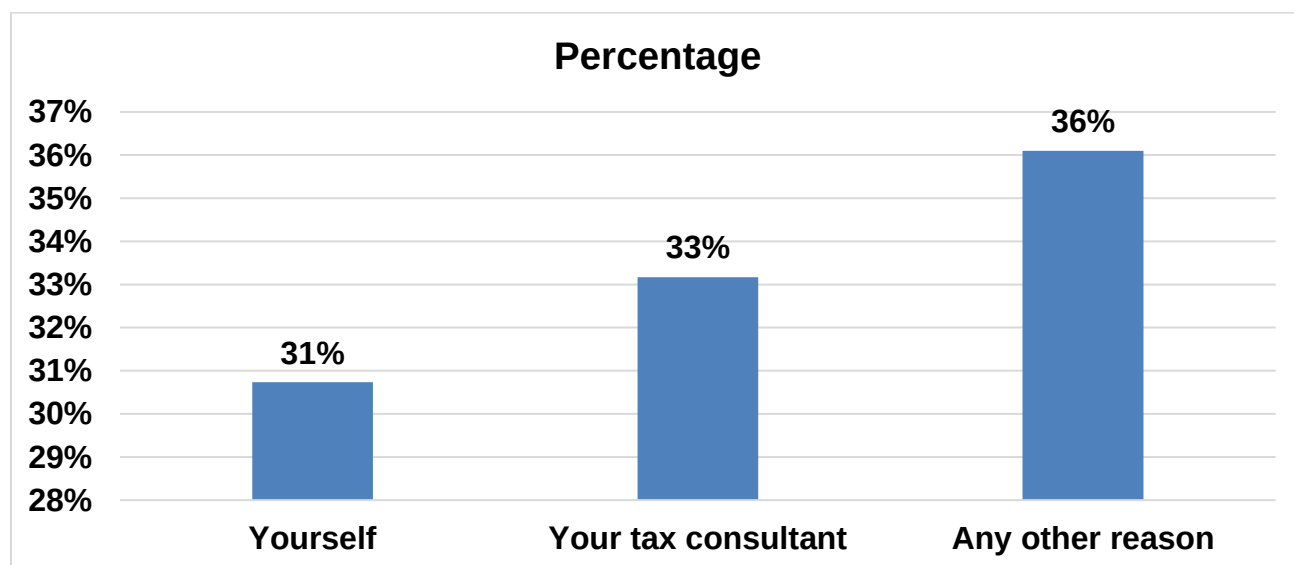


CHART 4.22: SHOWING REAL DEFAULT

INTERPRETATION:

From the above table it is interpreted that 31% of the respondents are yourself, 33% of the respondents are your tax consultant, 36 % of the respondents are any other reason.

INFERENCE:

Majority of the respondents are any other reason.

TABLE 4.23: SHOWING TAX CONSULTANT FILES TIMING

Tax consultant files timing	No of Responses	Percentage
Within 1 day	63	31%
Within a week	67	33%
After a week	50	24%
Other	25	12%
Total	205	100%

Source: Primary data

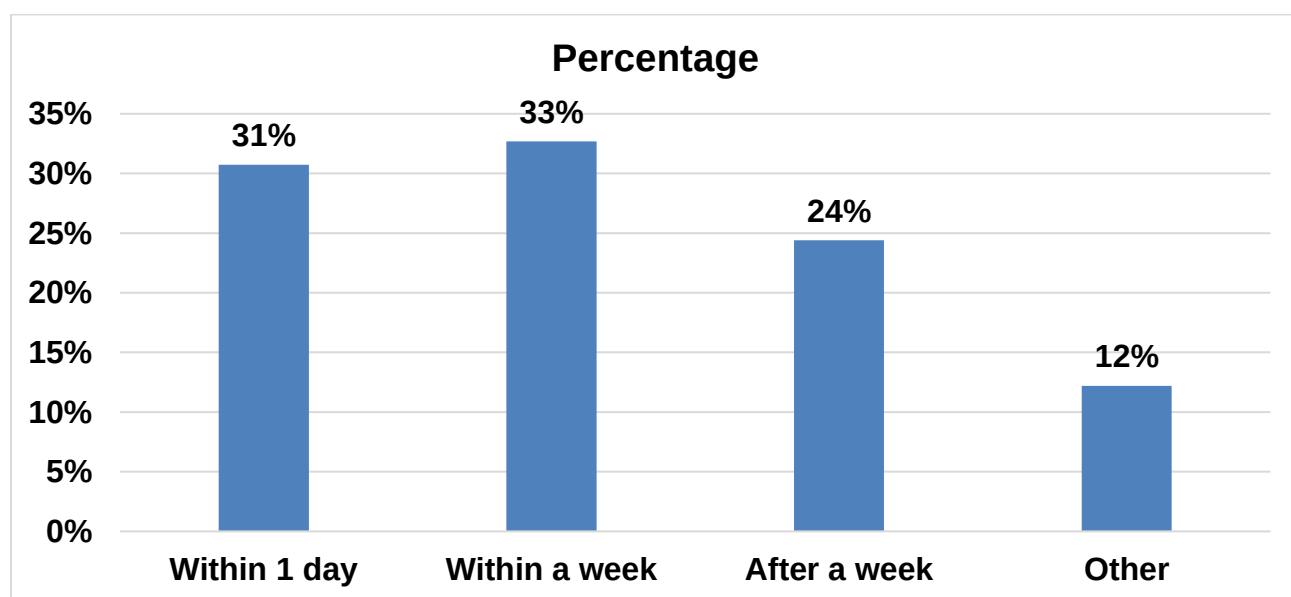


CHART 4.23: SHOWING TAX CONSULTANT FILES TIMING

INTERPRETATION:

From the above table it is interpreted that 31% of the respondents are within 1 day, 33% of the respondents are within a week, 24 % of the respondents are after a week, 12% of the respondents are others.

INFERENCE:

Majority of the respondents are within a week.

4.2 T-TEST

HYPOTHESIS:

H0 (Null Hypothesis): There is no significant difference between Satisfaction of tax consultant services and Gender.

H1 (Alternate Hypothesis): There is a significant difference between Satisfaction of tax consultant services and Gender.

Table 4.24: Satisfaction of tax consultant services and Gender

Group Statistics					
	Gender	N	Mean	Std. Deviation	Std. Error Mean
Satisfaction of tax consultant services	Female	104	2.30	.811	0.080
	Male	101	2.07	.919	0.091

INFERENCE:

The p-value is 0.015 which is lesser than the alpha value (0.05), hence alternate hypothesis (H1) is accepted. Therefore, there is a significant difference between Satisfaction of tax consultant services and Gender.

HYPOTHESIS:

H0 (Null Hypothesis): There is no significant difference between Reason for filling the first return and Education level.

H1 (Alternate Hypothesis): There is a significant difference between Reason for filling the first return and Education level.

Table 4.25: Education Level and Reason for filling the first return

Group Statistics					
	Education Level	N	Mean	Std. Deviation	Std. Error Mean
Reason for filling the first return	Doctorate	20	2.90	1.071	0.240
	Graduate	91	2.68	1.246	0.131

INFERENCE:

The p-value is 0.014 which is lesser than the alpha value (0.05), hence alternate hypothesis (H1) is accepted. Therefore, there is a significant difference between Reason for filling the first return and Education level.

4.3 ANOVA**HYPOTHESIS:**

H0 (Null Hypothesis): There is no significant difference among different Age group and Showing Years of filling return with the current tax consultant.

H1 (Alternate Hypothesis): There is a significant difference among different Age group and Showing Years of filling return with the current tax consultant.

Table 4.26: Showing Years of filling return with the current tax consultant and Age

ANOVA					
Years of filling return with the current tax consultant					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	58.582	3	19.527	13.811	.000
Within Groups	284.199	201	1.414		
Total	342.780	131			

INFERENCE:

The p-value is .000 which is lesser than the alpha value (0.05), hence alternate hypothesis (H1) is accepted. Therefore, there is a significant difference among different Age group and Showing Years of filling return with the current tax consultant.

4.4 CORRELATION

HYPOTHESIS:

H0 (Null Hypothesis): There is no significant relationship between Age and Income from interest and/or dividend.

H1 (Alternate Hypothesis): There is a significant relationship between Age and Income from interest and/or dividend.

Table 4.27: Showing Age and Income from interest and/or dividend

Correlations			
		Age	Income from interest and/or dividend
Age	Pearson Correlation	1	253*
	Sig. (2-tailed)		0.000
	N	205	205
Income from interest and/or dividend	Pearson Correlation	253*	1
	Sig. (2-tailed)	0.000	
	N	205	205

**. Correlation is significant at the 0.01 level (2-tailed).

INFERENCE:

The p-value is 0.000 which is lesser than the alpha value (0.05), hence alternate hypothesis (H1) is accepted. Therefore, there is a significant relationship between age and Income from interest and/or dividend.

.

HYPOTHESIS:

H0 (Null Hypothesis): There is no significant relationship between Education Level and Reason for filling the first return.

H1 (Alternate Hypothesis): There is a significant relationship between Education Level and Reason for filling the first return.

Table 4.28: Showing Education level and Reason or filling the first return

Correlations			
		Education Level	Reason for filling the first return
Education Level	Pearson Correlation	1	-.183*
	Sig. (2-tailed)		0.009
	N	205	205
Reason for filling the first return	Pearson Correlation	-.183*	1
	Sig. (2-tailed)	0.009	
	N	205	205

*. Correlation is significant at the 0.05 level (2-tailed).

INFERENCE:

The p-value is 0.009 which is lesser than the alpha value (0.05), hence alternate hypothesis (H1) is accepted. Therefore, there is a significant relationship between Education Level and Reason for filling the first return.

CHAPTER-5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDING

- ❖ It is found that 30% of the majority respondents are between 25 to 35 years of age.
- ❖ It is found that 51% of the majority respondents are Females.
- ❖ It is found that 44% of the majority respondents have completed their graduate degree.
- ❖ It is found that 32% of the majority respondents have 5lakh to 7.5lakh income per annum.
- ❖ It is found that 54% of the majority respondents are mention No to the question of receive income Form interest and/or dividends.
- ❖ It is found that 64% of the majority respondents are mention No to the question of receive a state tax refund.
- ❖ It is found that 53% of the majority respondents are mention No to the question of pay alimony.
- ❖ It is found that 61% of the majority respondents are mention No to the question of new loan pay points.
- ❖ It is found that 60% of the majority respondents are mention No to the question of U.S source income.
- ❖ It is found that 56% of the majority respondents are mention No to the question of Regular tax payer.
- ❖ It is found that 41% of the majority respondents are mention are income from salary.
- ❖ It is found that 56% of the majority respondents are mention Yes to the question of government's annual budget.
- ❖ It is found that 55% of the majority respondents are mention Yes to the question of impact of tax consultant.
- ❖ It is found that 33% of the majority respondents are carry forward of loss.
- ❖ It is found that 51% of the majority respondents are mention No to the question of penalty for filling up tax.
- ❖ It is found that 56% of the majority respondents are mention No to the question of income tax misplacement.

- ❖ It is found that 51% of the majority respondents are mention No to the question of income tax misplacement.
- ❖ It is found that 51% of the majority respondents are mention No to the question of discussion of financial matter.
- ❖ It is found that 35% of the majority respondents are 0-5years for the question of years of filling returns with the current tax consultant.
- ❖ It is found that 54% of the majority respondents are mention No to the question of this year tax consultant changes.
- ❖ It is found that 49% of the majority respondents are partly satisfied to the question of satisfaction of tax consultant.
- ❖ It is found that 36% of the majority respondents are mention any other reason to the question of real default.
- ❖ It is found that 33% of the majority respondents are mention within a week to the question of consultant files timing.
- ❖ There is a significant difference between Age and Income from interest and/or dividend.
- ❖ There is a significant difference between Education Level and Reason for filling the first return.
- ❖ There is a significant difference between Age and Showing Years of filling return with the current tax consultant.
- ❖ There is a significant difference between Gender and Pay alimony.
- ❖ There is a significant difference between Satisfaction of tax consultant services and Gender.
- ❖ There is a significant difference between Reason for filling the first return and Education level.

5.2 SUGGESTIONS

Income-tax is the primary source of revenue for any authorities. In India profits-tax is levied and gathered as in step with the policies, policies, and provisions of the 'income-Tax Act, 1961'. This Act has its personal history. In 1922 the All India income-Tax Committee recommended and passed the Indian profits-Tax Act, 1922, which changed into built on 'British version'. Though the cutting-edge 'income-Tax Act, 1961' has been got here into lifestyles after enhancing 'The Indian Income-tax Act, 1922', the effect of the British version still exists at the Act. Due to this effect the Act is not so familiar to the common man of India. Kulkarni P.G., in his Ph.D. Thesis, mentioned that there is a want to totally reframe the overall tax structure. Eranna M. Additionally in his Ph.D. Thesis said that the language of the Act and different income-tax handbooks is trapped in ordinary legal verbiage, which is very tough to understand. Eranna M. In his thesis advised that the profits-Tax department is a fairly human interactive department of the government, so it may recollect organizing city, regional and countrywide degree schooling courses for its personnel at unique administrative hierarchy to impart them in human family members skills. However, it isn't always sufficient. Tax-educating the assessments is similarly important. For that cause profits-Tax branch need to set up workshops, seminars and training publications for assessments too. Department may additionally take assist of tv channels for tax-educating human beings. Interest regarding earnings-tax must be created among humans.

Humans of India ought to be tax conscious and tax educated. Nowadays there may be a brilliant increase in the number of assessments. Majority of assesses are not able to comply with the tax a process as required by way of the Act. That is the cause of the emergence of tax consultancy services.

Tax specialists provide services to the customers like consulting or advising on tax matters, calculating tax of the assesses and filing returns on behalf of them. In keeping with amendments made to act assesses demanded different services like book-maintaining, auditing, value accounting, control accounting and so forth. From their tax consultants. The scope of services furnished through tax consultants has been increasing gradually. S. Sanath Kumar in his article ' expert possibilities for Chartered Accountants in data technology quarter' discussed the position of C. A. In economic reporting, taxation, high-quality of the carrier, net-primarily based and internet enabled applications, conversation and bandwidth exceptional of IT personnel and so forth. He also mentioned the number one issues of such experts in facts safety, rising standards, e-governance and the role of C.A.S

in system improvement existence cycle and many others. And advised that he can offer services in a choice of packaged software program for small and medium-sized customers. There may be plenty of literature to be had on income-tax, earnings-Tax Act, authorities guidelines concerning earnings-tax, diverse amendments to earnings-Tax Act, tax evasion and tax avoidance, etc., but no efforts had been made to research the offerings provided through profits-tax experts to their assessments or to analyze the relation among profits-tax specialists and their assessments (customers). The size of an important examine of services supplied with the aid of income tax specialists to their person, partnership firm and enterprise assesses in Sangli-Miraj-Kupwad employer place isn't blanketed by means of any of the researcher. This study is designed to analyze the difficulties faced via profits-tax experts even as offering services to their assesses as well as the difficulties confronted by using the assesses while getting offerings from their income-tax experts.

Most of the professionals like Doctors, Lawyers and Business men earn more than the other employees. But, their payment of tax is very less or completely nil when compared to other employees. This is because there is no material evidence for the receipt of their income and their employers cannot deduct tax payment from their income.

i) Since the tax is the main source of income for the govt., and the salaried class paying their tax regularly (tax deduct at source), the government can come forward to implement some of the welfare scheme by way of:

.Housing loans

2.Loans for purchasing domestic appliance

3.Loan for marriage etc., with moderate rate of interest

4.Loan for the education

In the tax calculation, the amount of DD and CCA can excluded from the net taxable income.

5.3 CONCLUSION

Based totally on the findings of the examination, it's miles specifically concluded that statistics generation beautifies the extent of productiveness in tax collectivity and management. Specially; online submitting and remittance of tax returns via tax payers' are inversely associated with tax making plans and implementation via tax administrative companies. The adoption of data generated inside the registration of eligible and capability tax payers portrays performance in tax planning and implementation which in flip guarantees ease collectivity of tax returns.

In admire of the research findings, the examine recommends that: submitting of tax on line have to be monitored and controlled because of its unfavorable effect on making plans and implementation of tax collectivity; respective businesses (federal, state and local government) responsible for tax series have to sensitize eligible and ability taxpayers on the system and suitability of online tax registration by way of taxpayers in other to decorate its impact on tax administration within the united states; online tax remittance should be inspired.

It is found that on overwhelming majority of the salaried employee's opinion regarding direct tax imposed is high and very high. It is concluded that the salaried employees are reducing the tax liability.

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ANNEXURE-1 (QUESTIONNAIRE)

1.Age

- 18 to 25
- 25 to 35
- 35 to 40
- Above 40

2.Gender

- Male
- Female

3.Education Level

- Doctorate
- Post graduate
- Graduate
- Higher secondary

4.Income per Annum

- Above 10lakh
- 7.5lakh to 10lakh
- 5lakh to 7.5lakh
- Less than 5lakh

5. Did you receive income from interest and/or dividends?

- Yes
- No

6. Did you receive a state tax refund?

- Yes
- No

7. Did you receive or pay alimony? Provide amount, name and social security number. Provide copies of any agreements we don't already have.

- Yes
- No

8. Did you pay "points" on new loans during the year? Please provide all details.

- Yes

- No
9. Did you receive U.S. source income in 2018 ?
- Yes
 - No
10. Are you regular tax payer?
- Yes
 - No
11. Under which heads of income, your income becomes taxable?
- a. Income from salary
 - b. Income from house property
 - c. Profits and gains of business, profession
 - d. Capital gain
 - e. Income from other sources
12. Do you discuss Government's Annual Budget provisions with your tax consultant before hand?
- Yes
 - No
13. Does your tax consultant help you in understanding the impact of budget provisions on your tax liability and planning tax accordingly?
- Yes
 - No
14. Reasons for filing the first return
- a. Regular provision
 - b. Refund claim
 - c. Carry forward of loss
 - d. Notice from Income Tax Department
15. Has any penalty being levied by Income Tax Authority for filing up tax returns late?
- Yes
 - No
16. Whether you have faced misplacement of any documents regarding income tax by your tax consultant?
- Yes

- No
17. Does your tax consultant discuss the financial matters of someone else with you?
- Yes
 - No
18. Since how many years you are filing returns with the current tax consultant?
- a. 0-5 years
 - b. 5-10 years
 - c. 10-15 years
 - d. 15-20 years
 - e. More than 20 years
19. In these years, whether you have changed your tax consultant?
- Yes
 - No
20. Are you satisfied with the services provided by your tax consultant?
- a. Fully satisfied
 - b. Partly satisfied
 - c. Not satisfied
21. Whether you have faced misplacement of any documents regarding income tax by your tax consultant?
- Yes
 - No
22. If yes, who was at real default?
- a. Yourself
 - b. Your tax consultant
 - c. Any other reason
23. After providing required documents, in how much time your tax consultant files the return?
- a. Within 1 day
 - b. Within a week
 - c. After a week
 - d. Other

ANNEXURE – II (Article)

A Study on Financial Planning for Salaried Employee and Strategies for Tax Savings

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ABSTRACT

Tax is any shape charge levied on someone or an group through a governing body or its equal such that defaulted payment is punishable by means of law. The imposition of taxes and the organization of taxing is as antique as civilization itself cutting across faith, race and continental borders. Prompt tax payment and reduced tax evasion is always a primary goal of the government in most civilizations that exist nowadays. The problem of tax evasion has confirmed to be a tough exercise to lessen even in international locations with a proper database of its citizenry and the contemporary mode of tax price is redundant and tense as ascertained through a survey of our case look at. Some of the demanding situations governmental our bodies have to conquer so that you can encourage the set off payment of taxes and correctly reduce evasion includes, developing convenient fee methods and having proper records retaining structures. This paper is a concise summary of ways the continuous improvement of computing science and its huge spread potential to be deployed to clear up a wide range of troubles can be geared in the direction of the development of an electronic taxation gadget to help government bodies with handy tax collection and report maintaining. The waterfall method became decided on for device improvement. Goals to be done with the aid of the system are immediate get right of entry to, progressed productiveness thru

efficient usage of sources, database advent and information control, simplification of operations, reduced processing time, user friendliness, portability and versatility for further enhancement. The E-taxation is not a new machine, but a instead nearby strategy to a hassle with international purview. This system looks at how tax payment may be encouraged through simplification and elevated performance in price processing.

Keywords: Tax services, preparation, savings.

CHAPTER-1

INTRODUCTION

1.1 INTRODUCTION ABOUT THE STUDY

The usage of computerized structures has been established to be able to introducing massive efficiencies to commercial enterprise tactics at a minimal fee (Wasao, 2014), due to the bureaucratic shape of government which is costly to manage with little or no end result, tax authorities as an agency of presidency are turning to e-government led answers like digital tax submitting (e-submitting) (Amabali, 2009), based totally at the arguments that it enhances the delivery of public offerings and fiscal profundity with out incurring steeply-priced habitual overheads (Harrison & Nahashon, 2015). United international locations stated that e-taxation is a procedure wherein tax documents or tax returns are submitted through the internet, normally without the want to submit any paper go back; it encompasses the usage of internet generation, the global net and software program for a huge range of tax management and compliance functions.

Wasilewski referred to in Muthama (2013) with consciousness at the economic improvement and taxation device by using comparing the case of Brazil and Japan. Japan's experience verified that a rustic does no longer want to delay a real change inside the tax structure until it achieves a excessive level of improvement, at the same time as in Brazil; low-profits taxpayers endure maximum of the tax burden.

1.2 A Brief History of Taxation in the world

Taxation is going back as a long way as recorded records. But, it turned into not till the start of the high-quality civilizations that we see tax accrued for a kingdom by using an prepared

group devoted to that sole assignment . There were taxes to help maintain sources like boats, towns secure passage, ports palaces, production tasks and possibly the maximum famous reason, to fund conflicts and at some point of this tax has grown and evolved as civilizations themselves advanced.

- ***Egypt (Pre-3000 BC to 300 BC)***

In historic Egypt, the ruler 'pharaoh' who turned into considered the maximum authority of the land, a god, informed his chief minister, the vizier, to arrange lots of scribes to acquire taxes from all residents of the country. In historical Egypt heyday, the ones owing taxes were compelled to hand over portions in their land, cattle and many others, to the scribes and courts. The Ancient Egypt's taxed grain, cooking oil, livestock, beer, different farm produce, personal livelihood, Nile utilization for transportation of merchandise, and overseas trade. Neighborhood officers have been also taxed. The rich nobles or even the tax collectors had been no longer exempted from the gathering of taxes.

- ***China (2100 BC to 1911 AD)***

Historic Chinese taxation records are denominated by way of in particular the agrarian financial system with listening taxes levied with the aid of Emperors that roiled during the 2000 12 months Imperial duration, from the qin (chin) dynasty in 221 BC, to the Xinhai republication revaluation in the 1911 advert. China did not introduce income taxes until 1950. And even then it becomes handiest levied on preceding capitalists until 1959. Due to the fact the state controlled all production. It becomes pointless to tax earning. Income tax changed into sooner or later brought in 1980 after financial reforms in the Seventies. Nowadays china levies product Tax that is levied on maximum agricultural and business merchandise; fee brought tax (VAT) that is levied on selected commercial merchandise enterprise Tax; that's levied on offerings and trades, and sale tax, that's levied on salt manufacturers and distributors. Other than the VAT, those taxes were all charged on goods and services at every stage of manufacturing and marketing. Sooner or later the Chinas tax systemic like its political machine, is continuously undergoing reform, and destiny can only promise further tendencies in this location for China.

- **India (Pre 300 BC)**

In India, Direct taxes have been levied in India for hundreds of years. Two terrific literary works, the (Manusmriti and Arthashastra) consisted of unique advice given to kings by way of sensible sage, on the problem of taxation. The Manusmriti laid down that traders and artisans need to pay 1/5th of their earnings in silvered & gold, while the agriculturists were to pay 1/sixth, 1/8th, and 1/tenth in their produce depending upon their circumstances.

CHAPTER-2

REVIEW OF LITERATURE

Siddhu (2003) studied subject matter on " Direct Tax Reforms in India put up liberalization situation" period of 1991-92 to 2000-2001" and draws some pointers. He found that direct tax reforms couldn't make a contribution positively to resolve the financial troubles of the usa. The discount in tax fees could not lead to better tax compliance reforms had be successful to increase the range of assesses however did not boom the critical government revenue. Eventually the researcher strongly recommended to review tax reforms rules by means of the authorities in the course of the take a look at length (Sidhu,2003).

Sarkar (1997) tested to responsiveness of company tax to profits in India with the intention to assessing the justification for the imposition of the minimal alternative tax (MAT). His research divided in two parts. In component one, the buoyancy and elasticity of Indian company tax is analyzed In element two, company tax buoyancy is analyzed at a greater prominent stage. The researcher strongly discovered that the company profits constitutes one fifth 1/five of national profits. The buoyancy of company taxation in relations to corporate profits (GDP) had been observed to hovering round unity. Price of harmony in buoyancy estimates indicated that considerable discretionary sales measures are needed to preserve corporate tax to GDP ratio. On this regards the take a look at determined that corporate tax when it comes to public company quarter was buoyant at some stage in the period 1975-seventy six to 1989-90. but, for private corporate zone it became now not buoyant

Achar (2012) analysed saving and investment behaviour of teachers. The factors that determined the investment behaviour of teaching community were age, gender, marital status, and lifestyle, monthly family income, and family life cycle stage and upbringing status

of individuals. The study conducted by Bhardwaj, Sharma and Sharma (2013), aimed at analysing the investment behaviour of the employees of Bahra University, Solan District. It was found that the teaching fraternity is mostly unaware about the investment opportunities in stock market and other financial securities and they preferred to invest in bank deposits.

Srividhya and Visalakshi (2013) aimed to find the relationship between the saving and investment pattern of college teachers and the following factors influence the financial decisions of investors return earning capacity of the preferred investment, annual income of the teachers, and the amount of saving per annum. According to Vasagadekar (2014), due to poor level of awareness among working women in Pune they make poor portfolio investment decisions. The respondents in the study were financial illiterates. Umamaheswari and Ashok Kumar (2014), tried to explore the investment attitude of the salaried class towards investments and the results presented limited awareness about the investment avenues, hence suggests creation of awareness among the respondents.

CHAPTER-3

RESEARCH METHODOLOGY

3.1 OBJECTIVES

To study the pattern of tax planning by individual.

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3.2 Research Design

The research design used for the study is descriptive. Descriptive research studies are those, which are concerned with describing the characteristics of a particular individual or group. The studies concerned with specific prediction with narration of facts and characteristics concerning individual group or situation are all examples of descriptive research studies.

3.3 Measures

Standardized questionnaire is used for data collection A questionnaire consists of a number of questions printed or type in a definite order on a form or set of forms. The Respondent has to answer the question on their own. Apart from this observations and

interview has also been used as a source for primary data collection.

3.4 STATISTICAL TOOLS FOR ANNALYSIS

- ANOVA

CHAPTER-4 DATA ANALYSIS AND INTERPRETATION

TABLE 4.1: SHOWING AGE OF THE RESPONDENTS

Age	NO. OF RESPONDENTS	Percentage
18 to 25	40	20%
25 to 35	61	30%
35 to 40	51	25%
Above 40	53	26%
Total	205	100%

Source: Primary data

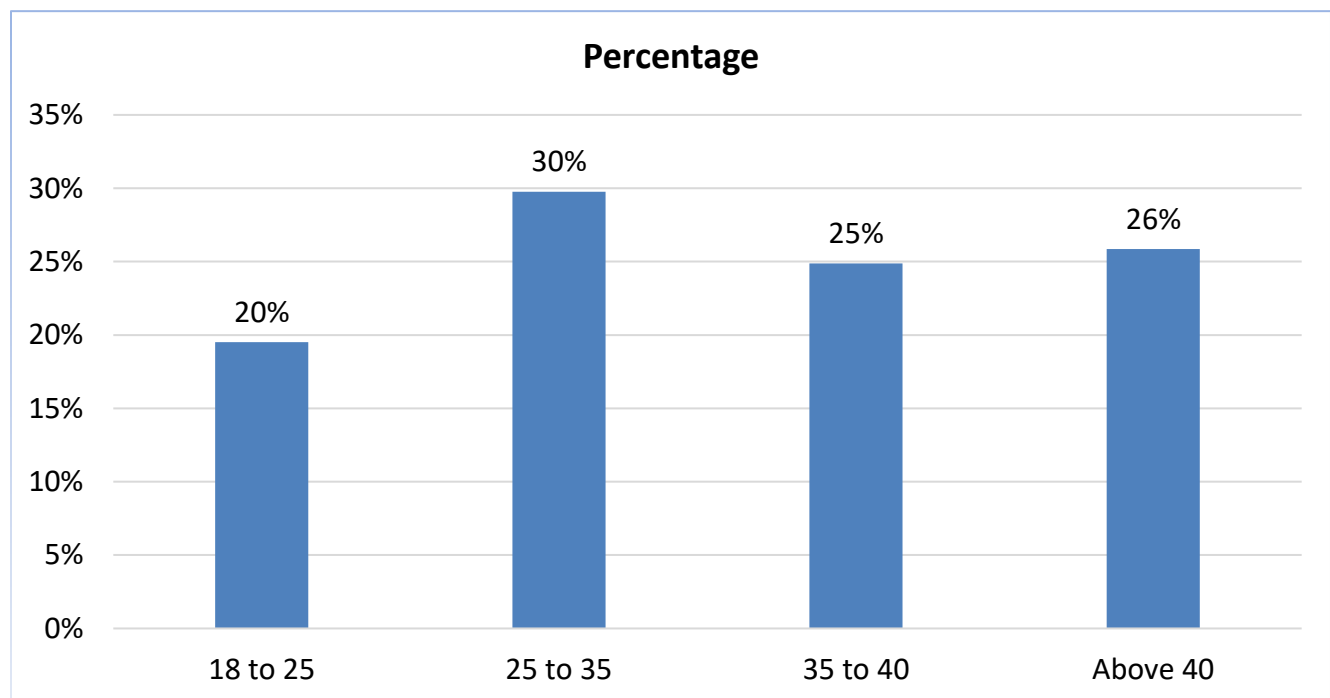


CHART 4.1: SHOWING AGE OF RESPONDENTS

INTERPRETATION:

From the above table it is interpreted that 20% of the respondents are 8 to 25 years, 30% of the respondents are between 25 to 35 years, 25% of the respondents are between 35 to 40 years ,26% of the respondents are between Above 40 years .

INFERENCE:

Majority of the respondents are between 25 to 35 years.

4.2 ANOVA

From the analysis of the data collected , the following result are obtained.

1. There is no significant difference among different Age group and Showing Years of filling return with the current tax consultant.
2. There is a significant difference among different Age group and Showing Years of filling return with the current tax consultant.

ANOVA					
Years of filling return with the current tax consultant					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	58.582	3	19.527	13.811	.000
Within Groups	284.199	201	1.414		
Total	342.780	131			

INFERENCE:

The p-value is .000 which is lesser than the alpha value (0.05), hence alternate hypothesis (H1) is accepted. Therefore, there is a significant difference among different Age group and Showing Years of filling return with the current tax consultant.

CHAPTER-5

SUGGESTION AND CONCLUSION

5.1 SUGGESTION

Income-tax is the primary source of revenue for any authorities. In India profits-tax is levied and gathered as in step with the policies, policies, and provisions of the 'income-Tax Act, 1961'. This Act has its personal history. In 1922 the All India income-Tax Committee recommended and passed the Indian profits-Tax Act, 1922, which changed into built on 'British version'. Though the cutting-edge 'income-Tax Act, 1961' has been got here into lifestyles after enhancing 'The Indian Income-tax Act, 1922', the effect of the British version still exists at the Act. Due to this effect the Act is not so familiar to the common man of India. Kulkarni P.G., in his Ph.D. Thesis, mentioned that there is a want to totally reframe the overall tax structure.

Eranna M. Additionally in his Ph.D. Thesis said that the language of the Act and different income-tax handbooks is trapped in ordinary legal verbiage, which is very tough to understand. Eranna M. In his thesis advised that the profits-Tax department is a fairly human interactive department of the government, so it may recollect organizing city, regional and countrywide degree schooling courses for its personnel at unique administrative hierarchy to impart them in human family members skills. However, it isn't always sufficient.

5.2 CONCLUSION

Based totally on the findings of the examination, it's miles specifically concluded that statistics generation beautifies the extent of productiveness in tax collectivity and management. Specially; online submitting and remittance of tax returns via tax payers' are inversely associated with tax making plans and implementation via tax administrative companies. The adoption of data generated inside the registration of eligible and capability tax payers portrays performance in tax planning and implementation which in flip guarantees ease collectivity of tax returns.

In admire of the research findings, the examine recommends that: submitting of tax on line have to be monitored and controlled because of its unfavorable effect on making plans and implementation of tax collectivity; respective businesses (federal, state and local government) responsible for tax series have to sensitize eligible and ability taxpayers on the system and suitability of online tax registration by way of taxpayers in other to decorate its

impact on tax administration within the united states; online tax remittance should be inspired.

5.3 REFERENCE

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