



A STUDY ON THE AWARENESS OF TAX PLANNING MEASURES AMONG PRIVATE SECTOR EMPLOYEES IN MADURAI CITY

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Abstract

This article is an attempt to explore the extent of awareness towards tax planning measures among salaried employees in private sector.

INTRODUCTION

Sums of money paid to the government take the form of taxes, duty and toll. Tax paid on income earned during a year is income tax. This is levied in accordance with the legislative provisions of the Income Tax Act. Such tax is levied on individuals and any other form of organisation ranging from HUF to local authority and artificial juridical person. Individuals whose net taxable income exceeds the maximum permissible limit are liable to pay taxes during the year.

STATEMENT OF THE PROBLEM

Payment of tax is a burden to salaried classes especially those employed in private sector as the exemptions granted to tax payments are relatively lower than for those employed in public sector. In this context the study gains importance and meaning as deductions and exemptions well availed will result in lesser tax burden on the individual.

OBJECTIVES OF THE STUDY

To understand the extent of awareness of the existence of tax planning measures among salaried classes of private sector

METHODOLOGY

A sample size of 50 respondents in Madurai city in India was selected and a questionnaire was administered to collect data using simple random sampling technique. Data so collected were analysed using statistical tools and the results are summarised as under

FINDINGS

- 75% of the respondents are male.
- The average monthly income earned by the respondents is Rs.37,000
- All the respondents work with private sector organisations in middle and upper cadre.
- 35% of the respondents are aware of the existence of tax planning measures and adopt the same with the help of investment analysts.
- 65% of the respondents approach auditors to file returns and take tax planning measures without any knowledge of the same. The word of mouth is followed blindly by the respondents.
- 60 Per cent of the respondents are graduates in science and arts and entirely depend on tax practitioners for tax planning. Among commerce graduates (40 per cent) 95 per cent depend on tax practitioners for tax planning purposes.

SUGGESTIONS AND CONCLUSION

Awareness of the existence of tax planning measures is very low and the null hypothesis set up for this purpose is accepted. The chi square value is lesser than the table value at 5 per cent level of significance. Hence it is concluded that awareness of tax planning measures is not significant.

Tax literacy has to be imparted in education in a practical manner such that the spending pattern of money gets reduced and the eyes of layman may be enlightened.