



TAX PAYERS BEHAVIOUR IN BANGALORE CITY

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INTRODUCTION

Government needs funds to various purposes like Maintenance law and order, defense, social / health services etc., Government obtained funds from various sources, out of which one main source is taxation. Income taxes are important source of revenue to government in both developing and developed countries but the amount of revenue to be generated by government from such taxes for its expenditure programmer depends among other things, on the willingness of the taxpayers to comply with tax laws of a country (Eshag, 1983). The failure to follow the tax provisions suggests that a taxpayer may be committing an act of noncompliance (Kirchler, 2007). Tax non-compliance occurs through failure to file tax return, misreporting income or misreporting allowable subtractions from taxable income or tax due (Roth et al., 1996; soon, 1991). A number of factors may be responsible for low compliance in income tax administration in India. However, taxpayers' attitude has been identified as one factor that play important role in influencing tax compliance behavior. Besides, the influence of taxpayers' attitude on compliance behavior may be moderated by financial condition and risk preference. This is study is an attempt to analyse the factors which are playing vital role in the tax paying attitude and behavior of tax payers in Bangalore city.

REVIEW OF RELATED STUDIES

Roy (1977) traced year to year development in the growth of corporate tax law in India from 1860 to 1975. The study summarized the important changes introduced by various finance acts. The study revealed that principal recommendation of various committees and commission on taxation were introduced through the annual finance acts but most of them were ill conceived and had not been implemented. The study highlighted that frequent changes in law made it so cumbersome that tax officers devoted a major part of their time and energy in understanding the changes rather than carrying their administrative work. So, they got less time to check income tax return which resulting in poor taxpayer relations and inefficient tax administration. The simplification of tax structure, abolition of tax on divided distribution, withdrawing of surtax, reduction in corporate tax rates, offering only direct incentives were major recommendations of the study.

Suman (1947) examined the role of personal income tax and corporation tax in the Indian tax structure, their impact on savings and interments and role in mobilizing resources for public sector during first three five year plans. He calculated coefficient of income elasticity, coefficient of correlation and regression coefficient of these two taxes. His study revealed that corporate tax played a significant role in raising public revenue as compared to personal income tax during the period 1950-51 to 1966-67, the study also highlighted that although tax rates seemed to be high but it did not adversely affect personal and corporate savings and investments.

Jhaveri (1972) tried to analyze the impact of income tax concessions on post-tax income from different financial assets eligible for such concession. For this purpose, hypothetical examples were worked out by taking certain assumed tax rates, rate of interest before tax, different levels of income and saving period. The results showed that qualifying financial assets were more useful for those taxpayers who had to pay high marginal rate of tax. Taxpayers in middle and small income groups did not get benefit in real terms by investing in qualifying assets. So, they could prefer investment in units, prefer shares rather than public provident fund, cumulative time deposit and employees provident fund. The author suggested that deduction related to savings in specified assets should be given in graded manner. It



should vary from more than 100 per cent at low levels of gross assessable income to 40 per cent at high gross assessable income. It was also suggested that exemption of income earned for qualifying financial assets for tax relief should be withdrawn.

OBJECTIVES OF THE STUDY

- To Study the attitude of individual tax payers in payment of taxes
- To analyses the factors influencing the taxpaying behaviour.

STATEMENT OF PROBLEM

Tax is an important source of Income to every government. Each government is preparing its own budget based on its income from taxes since tax is the major source of income to many countries. So the economic development of a country highly depends on the tax levied by that country. Indian Government is also planning its budget after taking into account the proposed Income from taxes. Hence an attempt was made by the researcher to analyse the tax payer's behaviour in Bangalore city.

SCOPE OF THE STUDY

The research is undertaken to study the attitude of tax payers in Bangalore city, the study will be undertaken only among the tax paying professionals in Bangalore and the study covers only the income tax payers and no other tax payers included in this study.

METHODOLOGY

The present study depends upon both primary and secondary data. Primary data were collected from 75 tax paying professionals in Bangalore city. The 75 respondents were selected based on convenience sampling method, and the secondary data were collected from the Income Tax authorities of India and other published records of Government of India. The collected data will be analyzed and hypothesis to be framed were tested with the help of statistical tools through the applications of SPSS.

RESULTS AND DISCUSSION

Level of satisfaction towards current taxation system

Factors	Component
	1
Exemption limit	.981
Tax rate	.979
Deduction under various section	.983
Taxation according to income level	.983
Cascading effect	.957

The above table shows the customer satisfaction towards current taxation system rendered by tax authority, the collected responses were analyzed with the help of the statistical tool factor analysis the results shows that all the customers satisfied with all the services provided by the tax authority. it is proved though the result shown above. Among all the factors customer satisfied with the deduction under various section and taxation according to income level. it shows that all the services afforded by the tax authority are expected by the customer.



Level of satisfaction towards various service rendered income tax authorities

Factors	Component
	1
Modernization of Tax payment	.967
Information from IT authorities	.966
Helping to return	.981
Mobile service	.987
Web service	.980
Help desk	.978

The above table shows the customer satisfaction towards various services rendered by tax authority the collected response was analysed with the help of the statistical tool factor analysis the results shows that all the customers satisfied with all the services provided by the tax authority. It is proved through the result shown above. Among all the factors customer are satisfied with the Mobile service and Helping to return. It shows that all the services afforded by the tax authority are expected by the customer.

Rank the factor motivating to pay tax

Factors	Mean	Std. Deviation	Variance
Employer	3.9900	2.12961	4.535
family members	4.9800	1.96423	3.858
Friends	4.8900	2.01958	4.079
advertisement in TV	4.3100	2.11151	4.458
advertisement in news paper	5.2700	2.51000	6.300
Concern about economy	4.5400	2.75762	7.604
tax authority	4.4800	2.10569	4.434
Colleagues	4.5300	2.12942	4.534

The above table shows that factor motivating to pay tax, the concern about economy plays major role to pay tax, most of the respondents are motivated by advertisement in newspaper, third motivated factor is employer, most of the respondents are motivated by colleagues, the advertisement in TV is 4th motivated factor to pay tax, tax authority is 5th motivated factor to pay tax and least is motivated by family members.

OTHER FINDINGS

- Majority of respondents are in between the age group of 20-30years.
- Most of the respondents are male with a percentage of 60%
- Most of the respondents are unmarried.
- Commerce graduates are more than other graduates
- Most of the respondents income is in between 25000-40000
- Most of the respondents gets information through internet
- Most of the respondents tax savings scheme are based on insurance policy.
- Most of the respondents gets exemption in the form of mediclaim.
- Most of the respondents have paid tax less than Rs.10000
- Most of the respondents make tax payment through direct filing of returns.



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- Majority of the respondents do not save their tax.
- Level of satisfaction towards current taxation system satisfactory.
- Most of the respondents are satisfied to with the deduction under various section and taxation according to income level.
- Most of the respondents are satisfied to with the Mobile service and Helping to return.

SUGGESTIONS

- Bringing awareness among the youth to pay tax because in India since 60% population is youth (for the economic development of a nation).
- The government should provide proper information relating to income tax through advertisements and other modes.
- People are ignorant about tax savings, so income tax department should bring tax saving awareness campaigns.
- The income tax departments have to bring strict rules and regulation to make everyone to pay taxes according to their income.
- The government should open more collection point to collect income tax.

CONCLUSION

This study was undertaken to analyze the tax payers attitude with special reference to Bangalore city. The study shows that majority of the taxpayers in bangalore are satisfied with the services offered by the Income tax authority of India and majority of them do not want to evade the tax but at the same time all the respondents wanted to save their tax by showing investments and claiming medical expenses and other tax saving mechanisms.

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