

## **A Study of Income Tax planning of an individual assesses**

**\*M. Dhanasekaran, Harshitha S**

*Adhiyamaan College of Engineering, Hosur, Tamil Nādu, India*

\*Corresponding author: [dhanasekaran.mba@adhiyamaan.in](mailto:dhanasekaran.mba@adhiyamaan.in).

**Abstract:** *The aim of the paper “A Study of Income Tax planning of an individual assessee” is to spread awareness about the importance of the income tax planning and the schemes available for individual tax payers under the Income Tax Act, 1961. Taxes are considered as unnecessary burden and many people find it unjust to pay more taxes when there is rise in their income. The objective of this study is to identify the most effective tax planning strategies that can be employed by an individual to reduce their tax liability. This paper will bring up the positive effects of timely tax payment and the benefits of new tax regime that can be enjoyed along with it. Taxation should be considered as a helping hand for the overall development of the nation. And the impact of new tax regime which encourages the youngsters to make tax savings investment like public provident fund, national savings certificate, equity linked savings scheme. It also shows the positive attitude of the youngsters towards the income tax planning and investments.*

**Key words:** *Income tax, Tax planning strategies, Tax liability, new tax regime, Tax saving investment.*

### **1. INTRODUCTION**

A part of an individual’s total income will be directly paid to the government as the income tax in the financial year. When an individual tries to minimize the tax burden with the help of provisions of the income tax act it is known as tax planning. Taxation acts as a tool for the economic development.

#### **OBJECTIVES**

- To identify the most effective tax planning strategies that can be employed by an individual to reduce their tax liability.
- The positive effects of the timely tax payment and the benefits of new tax regime.
- The impact of new tax regime which encourages the youngsters to make tax savings investment.
- The positive attitude of the youngsters towards the income tax planning and investments

#### **SCOPE OF THE STUDY**

- Taxation is the revenue generated by the government for the development of the country.
- Tax planning mainly aims to reduce the tax liability of an individual assessee by making proper investment decisions.
- The reduction in the tax rates of new regime will encourage many youngsters to file their income tax returns and make proper investment decisions.

### **2. REVIEW OF LITERATURE**

**Shuming Bai et al. (2019)** “Adoption of e-filing: the US journey”, this study analyses the advancements of electronic tax filings in the USA. Several interesting observations are reported. Individual e-filing has reached the goal in 2012 and overall trends indicate continuous and steady progress both by volume and by share. The total e-filing ratio shows monotonically increase over the years but is still shy of the target in 2016. Several strategies and recommendations are proposed to reach the composite target. **AsepHeri Hermanto et al. (2022)** “Taxpayers’ adoption of online tax return reporting: extended meta-UTAUT model perspective”, this research examines dominant technology adoption paradigms to discover vital underlying variables in online tax return reporting behavior. the taxpayer intention to adopt online tax return reporting. However, the intention of taxpayers to use online tax return reporting is unaffected by social influence. Taxpayers’ behavioral intentions positively and significantly impact their user behavior. **Agnes Malima (2021)** “Tax compliance in an EFD-enabled environment: Evidence from a developing economy” The focus of this study was to assess the contribution of Electronic Fiscal Devices (EFDs) to ensuring tax

compliance among small business owners in the Arusha Region in Tanzania. The study recommends other government departments to consider adopting relevant technology in operational areas where transparency, fairness and compliance are required. The inclusion of other sectors not currently captured by EFD use will be a step in the right direction. **M. Thivya Bharathi and SP. Mathiraj (2020)** in their study “perception of assessee’s on e-filing of tax returns”, Govt. focuses the assessee’s expectations and our problems befall of filing the returns website that helps to income tax assessees. And also focus the website server properly. The income tax returns that peak time the technology makes advanced to filing of returns. The Indian government is very good work to introduced the E-filing. The assessees are so blessed and the income tax payment is advanced technology.

### 3. RESEARCH METHODOLOGY

The research design which I used in this study is descriptive research design. Questionnaire was used as a source in order to collect the primary data, where a structured questionnaire was circulated to the respondents. And statistical tool is used to analyze the data.

### 4. DATA ANALYSIS & INTERPRETATION

TABLE 1. Gender

Particulars	No. Of respondents	Percentage
Female	37	46%
Male	43	54%
Total	80	100%

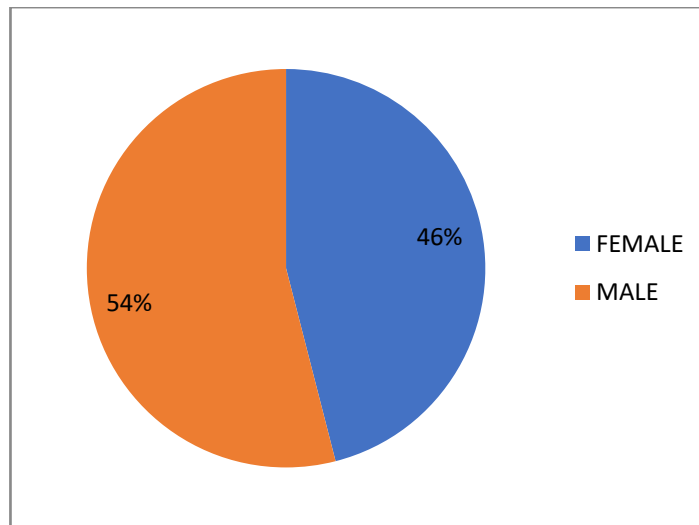
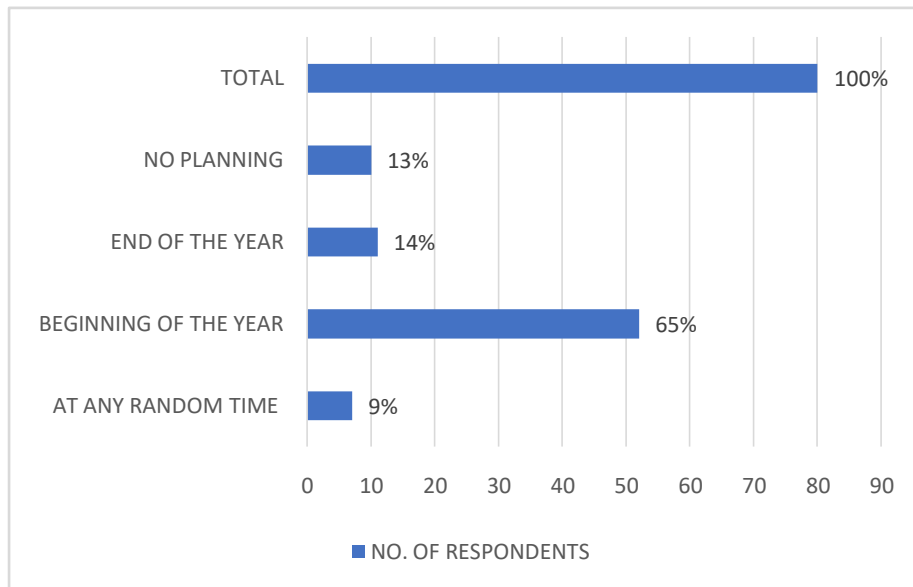


FIGURE 1.

**Interpretation:** The above chart shows that out of 80 respondents, 46% are female i.e., 37 respondents and 54% are male i.e., 43 respondents.

TABLE 2. Tax planning during the financial year

Particulars	No. Of respondents	Percentage
At any random time	7	9%
Beginning of the year	52	65%
End of the year	11	14%
No planning	10	13%
Total	80	100%

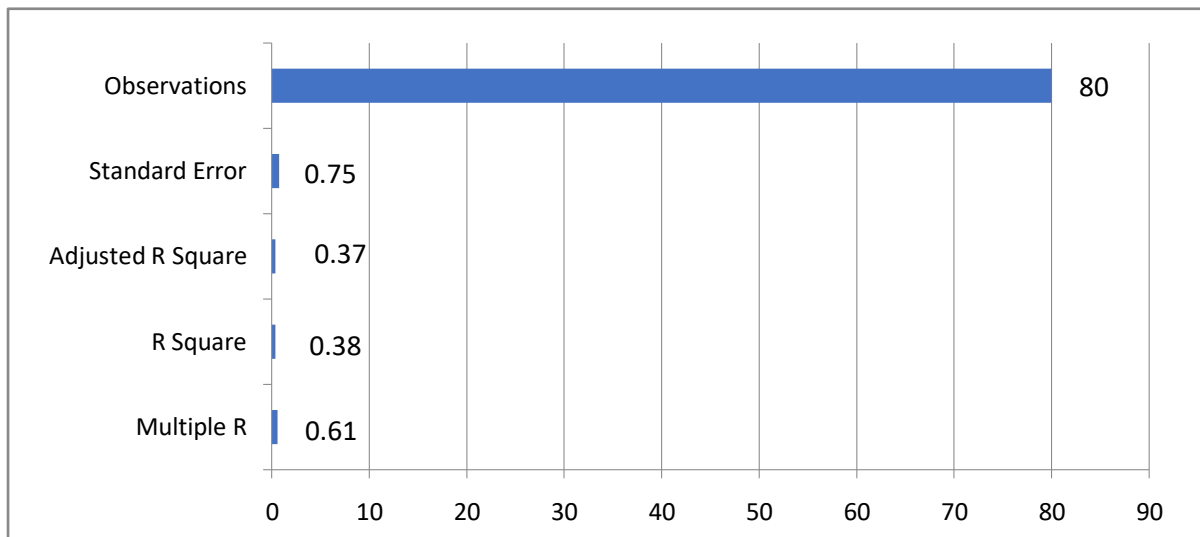


**FIGURE 2.**

**Interpretation:** The above chart shows that out of 80 responses 9% are doing their tax planning at any random time in the financial year i.e., 7 respondents and 65% at the beginning of the year i.e., 52 respondents and 14% at the end of the year i.e., 11 respondents and 13% are having no planning i.e., 10 respondents.

**TABLE 3. Regression**

Regression Statistics	
Multiple R	0.618741
R Square	0.38284
Adjusted R Square	0.374928
Standard Error	0.751558
Observations	80



**FIGURE 3.**

**Interpretation :** The above graph shows the relationship between the dependent variable (The reduced tax rates in the new regime will encourage many youngsters to file their income tax returns) and the independent variable (The new tax regime is beneficial than old tax regime).

## **5. FINDINGS, SUGGESTIONS & CONCLUSION**

### **Findings:**

- Lack of proper knowledge of filing the tax returns and its benefits
- Individuals are not aware of the tax saving investment schemes
- Individuals are not whiling to reveal their total income

### **Suggestions:**

- The reduced tax rates in the new regime will encourage many youngsters to file their tax returns, so it is an important factor where it should reach each and every one which eventually results in the development of the country
- Government can make income tax as part of curriculum of students irrespective of the domain which they may choose because income tax is paid by each one of us irrespective of the field we work

## **6. CONCLUSION**

In this study I found that majority of my respondents are taking the service for filing the income tax returns and from the responses it shows the positive attitude from the youngsters towards the tax planning and the investment decision as the new tax regime is beneficial than old tax regime. Government ensures that the individual assessee pay their tax on time. In case it they fail to do so, then they will have to file the returns with penalty. An individual assessee will have to consult the financial advisers for the profitable investment decision.

## **REFERENCES**

- [1]. CA Shilpa vasantbhide, a study of awareness of tax planning amongst salaried assesseees, international journal of research in computer application & management ISSN 2231-1009,2013
- [2]. Dr. B. A. Karunakarareddy and Vedanandaprabhu P G, An Analytical Study on Tax Planning Measures by Salaried Women Assesseees of Multinational Companies in Bangalore, International Journal of Advanced Research in Science, Communication and Technology (IJARSCT) ISSN 2581-9429, 2022