A STUDY ON TAX PLANNING AND MANAGEMENT OF GOVERNMENT SCHOOL TEACHERS IN ERNAKULAM DISTRICT

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Abstract: Tax planning and management is the most effective tool for citizens to reduce their tax burden in compliance with tax laws and to be a part of nation building process. The success of the tax structure depends on the attitude of the taxpayers. Among the five heads of income, the head 'Salaries' constitute the major portion of stable income of taxpayers. The study intends to focus on the tax planning and management practices adopted by government school teachers who earn a stable income.

Index Terms - tax planning, tax management, relief of tax

I. INTRODUCTION

Tax planning is the process of organising financial affairs so that one can take maximum advantage of all exemptions, deductions, incentives, discounts, grants, and other concessions or benefits allowed by the Income Tax Act in order to minimise the tax payable, without violating any laws. Therefore, tax planning can be defined as the careful application of professional knowledge when organising personal affairs in order to obtain tax benefits that are meticulously coded in accordance with the nation's priorities, the law, and the judiciary. It is a systematic approach to manage finances that will help to pay off modest amounts of debt or receive tax refunds in the future by securing a variety of grants, discounts, and rebates within the framework of current tax rules. Tax management is the process of managing funds for paying taxes which deals with filing returns in time, deducting tax at source etc. The legislature grants exemptions, deductions, and discounts in order to accomplish specific social and economic objectives and to enhance saving and investment in the growth of the national economy. Tax planning is not a tax evasion; rather, it is an act defined by the law. Thus, by using deductions and rebates, an individual not only lessens their tax liability but also contributes to the accomplishment of legal, social, ethical, and legislative goals. Detailed and current knowledge of tax laws is always a part of tax planning. In addition to having current legal knowledge, one also needs to be aware of

the various court rulings. Using tax money is one of the best methods to learn how to budget for it. Judgments of the Supreme Court and the various High Courts depicts the conditions for unsuccessful planning and tax planning. Different tax law provisions and their application in various settings are influenced by judgements. The legal issues impact the success or failure of tax planning.

Circulars issued by the Central Board of Direct Taxes (CBDT) frequently will be of great benefit to taxpayers. An efficient tax strategy must be effectively supported after ensuring that everything is done lawfully for the benefit of the law and people.

STATEMENT OF THE PROBLEM

Income earners form a sizable fraction of taxpayers who give income, or around 12% of all tax revenue, to the general public. Their earnings are evaluated under the head "Salaries". Tax planning has gained special significance due to rising inflationary pressures, inflation, and the taxpayers' strict tax compliance duties. Therefore, it is important that this category of taxpayers know their tax obligations in right manner and the tax planning measures they receive so that they can make better use of their income by minimising tax incidence. Complete and up-to-date information on tax laws is required to get benefits provided under the provisions of the Act and thereby ensuring that the 'mortgage payment' is kept at the highest level of income. The current study is an attempt to examine the tax-adjusted measures adopted by government school teachers by looking at the tax management practices used by them.

SIGNIFICANCE OF THE STUDY

Tax is one of the important source of revenue collection for the government. The Government utilizes this tax revenue for providing basic infrastructure facilities like education, welfare, public safety, infra structure and other public services. The government requires additional public revenues for supporting public services and this can be done through improved tax system. This will not increase the additional financial burden on the existing taxpayers. The government expenditure has to build faith and trust in the taxpayers and develop the feeling of proud taxpayers becoming a part of development of the country. It is possible only if efficient tax management practices are adopted by the country. The success of the tax structure depends on the attitude of the taxpayers. The study intends to focus on the tax planning and management practices adopted by government school teachers who earn a stable income.

SCOPE OF THE STUDY

Taxation is considered as a complex issue that affects the financial planning of individual tax assessments. The scope of the present study is limited to the tax management measures adopted by the Government school teachers in Ernakulam district. The study also assesses the level of awareness of teachers on tax laws and tax planning measures. Savings practices, investment pattern, debt repayment, tax-approved measures adopted were studied and evaluated.

OBJECTIVES OF THE STUDY

1. To understand the awareness of Government school teachers about various tax planning measures that can be adopted by them.

2. To understand various problems faced by the Government school teachers in tax management.

HYPOTHESIS OF THE STUDY

H0: There is no significant difference between tax planning measures and completed years of service of respondents.

H0: There is no significant difference between tax planning measures and annual income of respondents.

RESEARCH METHODOLOGY

In pursuit of identified objectives and formulated hypothesis, the following method of research was followed in this study.

Research Design

This study is descriptive in nature. The term descriptive research describes the type of research question, composition, and data analysis to be used in a given topic.

SOURCES OF DATA

- PRIMARY DATA

  The primary data for the study is collected by using questionnaires.

- SECONDARY DATA

  Secondary data is collected from various amendments passed by government of India regarding Income tax provisions, internet, journals, newspaper reports etc.

Sample Design

Sample design is the plan of sample and it is the framework which describes how the sampling is being performed in the study.

- **Sampling Method-**The sampling method of the study is convenient sampling.
- **Sample size-**The sample size for the study is 100 teachers of different government schools of Ernakulam district.

TOOLS USED FOR DATA ANALYSIS

For interpreting the collected data, percentage method, arithmetic mean, standard deviation, independent sample t- test, one-way ANOVA and correlation were used.

LIMITATIONS OF THE STUDY

- o Since personal income tax is very sensitive and confidential, people were often reluctant to disclose information relating to their approved tax planning measures.
- o The study is restricted to the Ernakulam district only.

II. REVIEW OF LITERATURE

- **MR.Chittababu and Dr.Dakshayani K N (2023)**: Salary-earning people' level of knowledge of the numerous tax-saving methods at their disposal is the purpose of this study. The researcher discovers that paid folks possess a comprehensive understanding of the diverse array of deductions and rebates that are accessible to them. The study unequivocally demonstrates that government securities and gold were among the most generally accepted and invested in by paid persons.

- **Siddharth Dhongde, Vilas Epper(2020)** The study investigated the process by which paid persons arrive at investing choices. The study discovered that individuals had different views toward

investment. However, many place a higher value on obtaining tax advantages and rely on the advice of professionals who have previous expertise. Particularly with regards to tax savings, individuals make decisions in accordance with their wants and needs.

- **Yagna Vyas and Vijay R. Gondaliya(2020):** The objective of the study is to correlate the level of tax planning knowledge possessed by people with demographic variables. The researcher focuses on the use of expert aid with tax return filing and tax planning. Data was collected from a sample of 250 salaried adults residing in Bardoli by convenience sampling and a structured questionnaire. The data were subjected to statistical analysis, in which the Chi-square test was used. The results of the study suggest that census information has a substantial impact on the tax planning expertise of paid persons. Professional tax management services are more often sought after by those with higher incomes, but skilled individuals typically possess sufficient tax knowledge. While respondents do use deductions such as 80C and 80D, they do not capitalise on deductions for charitable contributions or student loans.

- **Kalgutkar, P. (2018):** The objective of tax planning is to reduce the amount of money owed in taxes on investment gains. The researcher examines the correlation between the age of individual taxpayers in Kerala and their level of understanding about tax planning. The information was gathered using a standardised questionnaire. The findings indicate that the majority of taxpayers had knowledge about tax planning alternatives. Additionally, the study ascertains a substantial disparity in knowledge about tax preparation tactics depending on age.

- **Frederick, Joseph and Pereira (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.

- **Khader (2017),** aimed to ascertain the awareness level of tax planning measures among teachers from M.E.S Ponnani Higher secondary. 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.

III. DATA ANALYSIS AND INTERPRETATION

This section offers a thorough evaluation of information obtained from the sample of 100 government teachers, to analyse their level awareness about tax planning. The table has been used to display the results of the data analysis. Analysis of data has been done by using Percentage, Arithmetic Mean, Standard Deviation, One-Way ANOVA, Independent t- test and Coefficient of Correlation.

TESTING OF HYPOTHESIS

H0: There is no significant difference between tax planning measures and completed years of service of respondents.

H1: There is significant difference between tax planning measures and completed years of service of respondents.

TABLE 1.1

Tax planning measures on the basis of completed years of service of respondents

Category	N	Mean	Std. Deviation
below 10 years	31	1.96	.905
10 - 20 years	52	1.46	.423
above 20 years	17	1.89	.250
Total	100	1.69	.639

*Source: Primary Data

Table 1.1 indicates that respondents in completed years of service of below 10 years are high mean score (Mean = 1.96 and SD = 0.905). In order to test whether there is any difference in the tax planning measures on the basis of age of respondents, a null hypothesis is framed and tested using One – Way ANOVA test. The result is given in the table 1.2.

TABLE 1.2

Result of ANOVA of the tax planning measures on the basis of completed years of service of respondents

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.719	2	2.859	7.987	.001
Within Groups	34.729	97	.358		
Total	40.448	99			

*Significance at 5 per cent level

Table 1.2 indicates the significance value(p=0.001) is less than 0.05. The result reveals that the null hypothesis is rejected and accepted alternative hypothesis that there is significant relation between the tax planning measures and completed years of service of respondents.

TESTING OF HYPOTHESIS

H0: There is no significant difference between tax planning measures and annual income of respondents.

H1: There is significant difference between tax planning measures and annual income of respondents.

TABLE 2.1

Tax planning measures on the basis of annual income of respondents

Category	N	Mean	Std. Deviation
Below 500000	19	2.11	1.068
500000 - 1000000	63	1.56	.449
above 1000000	18	1.69	.416
Total	100	1.69	.639

*Source: Primary Data

Table 2.1 indicates that annual income of respondents in below 5000000 are high mean score (Mean = 2.11 and SD = 1.068). In order to test whether there is any difference in the tax planning measures on the basis of age of respondents, a null hypothesis is framed and tested using One – Way ANOVA test. The result is given in the table 2.2.

TABLE 2.2

Result of ANOVA of the tax planning measures on the basis of annual income of respondents

	Sum of Squares	D f	Mean Square	F	Sig.
Between Groups	4.431	2	2.216	5.967	.004
Within Groups	36.016	97	.371		
Total	40.447	99			

*Significance at 5 per cent level

Table 2.2 indicates the significance value(p=0.004) is less than 0.05. The result reveal that the null hypothesis is rejected and accepted alternative hypothesis that there is significant relation between the tax planning measures and annual income of respondents.

IV.   FINDINGS

❖ There is significant relation between the tax planning measures and completed years of service of respondents.

❖ There is significant relation between the tax planning measures and annual income of respondents.

SUGGESTIONS

• Suggestions made by the respondents for improving tax planning measures and taxation procedures included tax rates should be reduced.

• Nominal rates should be deducted from all employees at source, thereby avoiding the necessity for filing returns.

• Education related to changing income tax law and rates on a mass basis should help the salaried persons and those who have less subjective knowledge in tax.

• Workshops and training class regarding tax management and investment platforms should be provided to teachers along with their annual clusters.

• Support from financial advisors should be provided to the teachers.

V.   CONCLUSION

Tax and investment planning is very much necessary for any individual who aim to save money which otherwise will be used in paying taxes to the government or kept ideal at home in safe lockers. Tax planning is of great importance as it aims at reducing tax burden of tax payer. Tax planning has a wider philosophy and is closely associated with what the salaried assesses earns and his propensity to consume. The gap between the same goes as savings and if that savings can relieve one from tax, the tax planning is effective. The whole process relates to viewing the Income Tax Act in terms of revenue for the Government and fair disposable income for the assesses.

A rationalized, simplified, operational tax system is needed where an assessee is assessed but not feel exploited. Tax planning and management reduces not only the tax burden but also gives mental satisfaction. If salaried assessees like government teachers adopt tax planning measures it will help them to save a considerable amount of their hard-earned money in a legal way. When the Government has given a wider chance of investing money according to the assessees' financial condition and taste it is the prime duty of every salaried assessee to utilize his/her chance and reap the harvest.

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