

Awareness of tax saving pattern of an Individual assessee – a study of Haveri District

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Abstract:

Present scenarios there are so many avenues are available to earn and enhance the existing level of income within frame work of law and to enhance the level of income. Both the Government sector and private sector provides the lot opportunities to earn more income also to increase the level of income. Always opportunities threaten to faces the problems too. Further cost of living increases over a period of time. The challenges always faced by the middle level people to cope the expenditure within income level. Increases in the income and adjusting the expenditure within the level of their income is also one major challenge but to save out of it for the future prospective is big challenge. One who saves the money periodically there are lot of opportunities are available to enhance and to growth in the income. In fact to increase the saving amount lot of financial products is available at present in the market. In general, from the accounting point of view, savings is fruitful difference amount in the income and expenditure; apart from this saving one more type of savings is popular which is to be saved with help of proper tax planning adopted by the tax payer. Presently service industry plays vital role to encourage the individual tax savings to the assessee. The present study is confined with second kind of savings, i.e tax savings pattern by public within the area of the study.

Key words: Income level, savings, tax, challenges, opportunities, financial products..

• Introduction:

The success, satisfaction and achieving the desired economic goal always depends on the proper planning. The implementation of desired set of planning is also big challenge. Planning involves the creation, conceptual skills and intellectual skill. Planning is required to run the organization but for individual households it is more essential for tax saving. The tax evasion is the illegal mode to avoid the tax liability of individual and organization. On the other hand tax avoidance is the legal mode to avoid the tax liability above said persons as per the Indian income tax act 1961. Measuring the annual income and evaluating the tax on it is one kind of tax process but how to save the tax liability by using legally using the deductions such as section under section 80C for insurance premium paid. The amount spent by an individual is possible to save certain amount of tax by adopting the proper tax planning. The present paper dealt with the tax saving awareness in Haveri city. It means the study is mainly focuses on the tax planning awareness under the study area. Also researcher studies only the individual tax saving under the study area.

• Review of literature:

Robin Boadway and David Wildasin (1995) – Study is based on the behavior of aggregate savings, micro level analysis of savings and how taxation is affected on the savings of an individual. Also this paper focused on the younger cohort savings habits and its impact on their life style. **Chris Evans (2003)** - Studying the Studies: An overview of recent research into taxation operating costs. The researches focuses on broader historical context, including the reasons why research into tax operating costs has apparently flourished. **Karen M. Pence (2006)** - The Role of Wealth Transformations: An Application to Estimating the Effect of Tax Incentives on Saving. This paper focuses the how to solve most commonly problems faced a person while estimating the tax incentives on saving. Investigator examines and evaluates all these effects by comparing changes in the levels of wealth of household's eligible for and ineligible for the incentives. **Giovanni P. Olivei (2010)** - The Role of Savings and Investment in Balancing the Current Account: Some Empirical Evidence from the United States. This article investigates the way in which investment and savings have responded, on average, to current account imbalances in the United States over the past four decades. The survey is conducted in the context of a simple and general framework that imposes a solvency constraint at the estimation stage. **Amaresh Samantaraya and Suresh Kumar PatraHindawi (2014)** - Determinants of Household Savings in India: An Empirical Analysis Using ARDL Approach. The present paper focuses important policies and its implication in monetary terms. Also study results that inflation was found to have negative impact on household savings, ensuring price stability and low inflation will be conducive to enhance household savings in order to sustain higher economic growth.

• **Objectives of the study:**

1. To evaluate the tax deduction and annual income.
2. To study the purpose purchasing the insurance policy.
3. To analyse the tax savings awareness.

• **Scope of the study:**

The research is conducted tax savings with special reference to life insurance premium paid. The study is restricted to collect the data Haveri district only.

• **Methodologies:**

The present paper is based on both the type of collection of data namely as primary and secondary data. Questionnaires framed to collect the primary data from the respondents and random sampling method is applied for collection of the data. Secondary information gathered from the magazines, reports, journals, internet etc.,

• **Evaluation of the annual income tax and deduction:**

The following table describes the evaluation of annual income earned by an individual tax payer and their tax savings by using the tax deduction under the section 80C.

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Annual Income	4	2.62E5	85391.256	42695.628
Tax savings	4	25.00	19.782	9.891

One-Sample Test

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Annual Income	6.148	3	.009	262500.000	126623.46	398376.54
Tax savings	2.528	3	.086	25.000	-6.48	56.48

There is a significant relation in between the annual income earned by an individual and the amount of tax savings by using deduction under section 80C.

• **Purpose purchasing the insurance policy**

The following analysis of the study presents the reason for purchasing the insurance policy.

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Tax Benefit	30.00	3	16.093	9.292
Safety	26.67	3	4.726	2.728

Paired Samples Correlations

	N	Correlation	Sig.
Pair 1 Tax Benefit & Safety	3	.316	.796

Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			

Paired Samples Test

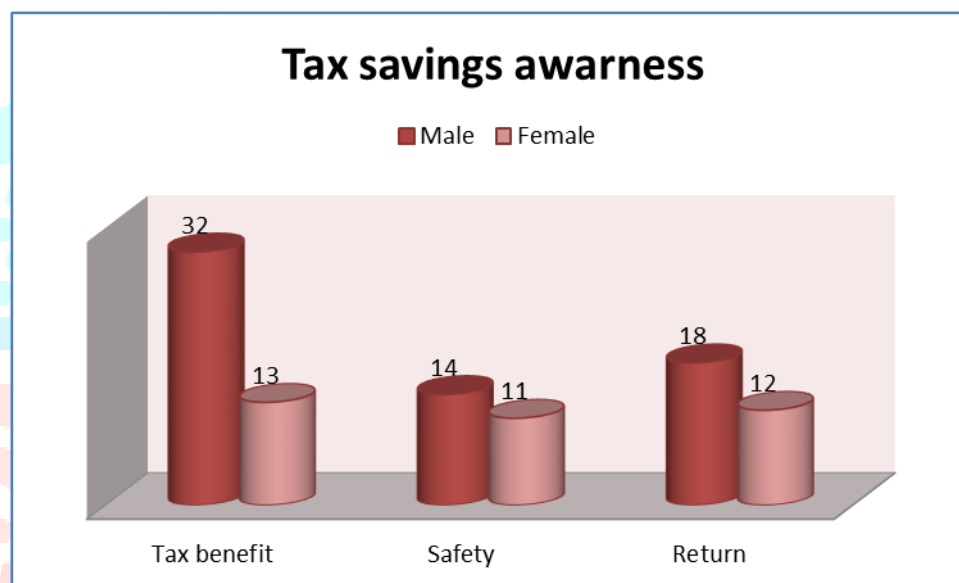
	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Tax Benefit - Safety	3.333	15.275	8.819	-34.612	41.279	.378	2	.742

As per the analysis, there is a significant relation is existing between for purchasing the insurance policy in order to cope the tax benefit and safety.

- **Analysis of awareness of tax savings**

Gender	Tax benefit	Safety	Return	Total
Male	32	14	18	64
Female	13	11	12	36
Total	45	25	30	100

Source: Survey



The present study reveals that majority of the respondents are opines regarding the awareness of tax savings. The above analysis is witnessed and attested that awareness of the tax payers under the study area.

- **Conclusion:**

The study concludes that even though there are so many obstacles in service industry and tax savings but tax payers are awarded to get all those benefit which offered by the government. The contribution of each individual towards the tax is very essential. In fact the all the service industries are plying huge role in contribution of countries economy.

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