



A STUDY ON THE SALARIED ASSESSEES SATISFACTION ON TAX PLANNING SCHEMES WITH REFERENCE TO THE COIMBATORE CITY

Mrs.R.Vasanthi

Assistant Professor, Department of Commerce CA,PSGR Krishnammal College for women,Coimbatore.

Abstract

The researcher studied about the factors which induced the assesseees to invest in Tax Planning Schemes and the satisfaction level on tax planning schemes with special reference towards Coimbatore city. Here the researcher has collected data through primary method. The researcher used Quota sampling technique to collect the data. The researcher collected data from 500 respondents based on their occupational status. The researcher used tools like Percentage Analysis, Descriptive Analysis, ANOVA, t-test, in the study. It is predicted from the ANOVA results that the satisfaction level on Tax Planning Schemes varies significantly among age groups, working experience, gross total income.

Keywords: *Income Tax Returns, Satisfaction, Tax Planning Schemes.*

Introduction

In computing the total income of an assessee, certain deductions under sections 80C to 80U are allowed from his Gross Total income. As per Section 80B(5), 'Gross Total Income' means the total income computed in accordance with the provisions of this Act, before making any deduction under section 80. The deductions are divided into two categories; they are Deductions in respect of certain payments [Section 80C to 80GGC] and Deductions in respect of certain incomes [Section 80I to 80U]. After making deduction from their gross total income, the income is said to be taxable income or the total income. On the basis of range of taxable income, the rate of income is charged. Here, the tax planning schemes include deductions u/s 80 and exempted incomes u/s 10. The main objective of the Tax Planning is to reduce the tax liability of the assessee to the minimum. Tax planning is the arrangement of financial activities done by the Assessee by making use of all beneficial provisions of the Income Tax Law to minimize the tax incidence. In other words, it is the systematic procedure undertaken by the assessee in order to reduce the tax liability.

Statement of the Problem

The main objective of the Tax Planning is to reduce the tax liability of the assessee to the minimum. The approach of Tax Planning is futuristic. Tax Planning is legally permissible under all circumstances. An assessee receives the benefit of Tax Planning only in the long run. Here, the tax planning schemes include deductions u/s 80 and exempted incomes u/s 10. So to get a benefit of tax reduction on investing in tax planning schemes, an assessed has to aware and satisfies on tax planning schemes. Hence, this study is undertaken in order to analyse the assessee's satisfaction level on tax planning schemes and the factors induced to invest in tax planning schemes.

Scope of the Study

In the study the assesseees' satisfaction level on tax planning schemes and the factors induced the assesseees to invest in tax planning schemes were studied. Here the assesseees taken for the study were individuals. Individuals include only the salaried employees. The occupational status on salaried employees taken for the study was corporate employees, Bank employees, Professionals, Assistant Professors, Teachers. The equal number of questionnaire was collected on the basis of occupational status of the salaried assesseees.

Objectives of the Study

1. To study the factors induced the assesseees to invest in Tax Planning Schemes.
2. To study the satisfaction level on Tax Planning Schemes of the salaried assesseees.
3. To offer suggestions for Tax Planning Schemes.



Methodology

To achieve the above objectives, primary and secondary data were required. Primary data was collected through Questionnaire and secondary data through referred books.

Period of Study

The study was conducted during 2012-2013 in Coimbatore city.

Sampling

The researcher studied about the reasons for preference to invest in Tax Planning Schemes and the extent of tax reduction by tax planning schemes with special reference to salaried assesseees in Coimbatore city. Here the researcher has collected data through primary method. The researcher used Quota sampling technique to collect the data. The researcher collected data from 500 respondents based on their occupational status.

Statistical Tools

Tools like Percentage Analysis, Descriptive Analysis, ANOVA , t-test, were used.

Hypothesis

Suitable null hypothesis was framed and applied wherever necessary.

Table 1- Factors induced to invest in Tax Planning Schemes

Tax Planning Schemes		None	By Self	Relatives & Friends	Media	Auditor	Working Office	Tax Practitioners	TOTAL
Life Insurance Policy	No.	22	284	103	15	15	27	21	487
	%	4.5	58.3	21.1	3.1	3.1	5.5	4.3	100.0
Provident Fund	No.	46	115	20	7	7	291	1	487
	%	9.4	23.6	4.1	1.4	1.4	59.8	.2	100.0
National Savings Certificates	No.	346	39	44	13	22	13	10	487
	%	71.0	8.0	9.0	2.7	4.5	2.7	2.1	100.0
Infrastructure Bond	No.	400	17	22	16	20	5	7	487
	%	82.1	3.5	4.5	3.3	4.1	1.0	1.4	100.0
Unit Linked Insurance Plan	No.	386	28	23	19	19	4	8	487
	%	79.3	5.7	4.7	3.9	3.9	.8	1.6	100.0
Group Insurance Scheme	No.	353	26	33	20	24	28	3	487
	%	72.5	5.3	6.8	4.1	4.9	5.7	.6	100.0
Mutual Funds	No.	322	41	48	20	26	23	7	487
	%	66.1	8.4	9.9	4.1	5.3	4.7	1.4	100.0



Units of UTI	No.	407	22	16	19	13	6	4	487
	%	83.6	4.5	3.3	3.9	2.7	1.2	.8	100.0

Source: Primary Data.

The Table 1 shows that 58.3% of the respondents invest in Life Insurance Policy by self, 59.8% of the respondents are induced by the working office to invest in Provident Fund, 9% of the respondents are induced by the relatives and friends to invest in National Savings Certificates, 4.5% of the respondents are induced by the relatives and friends to invest in Infrastructure Bond, 5.7% of them invested in Unit Linked Insurance Plan by themselves, 6.8% of them invested in Group Insurance Schemes by relatives and friends, 9.9% of them invested in Mutual Funds by relatives and friends, 4.5% of them invested in units of UTI by themselves.

It is seen from the Table 1 that among the induced factors, 58.3% of the respondents invest in Life Insurance Policy by self.

Level of Satisfaction of Tax Planning Schemes

Descriptive Analysis has been applied to find out the mean score for the level of satisfaction on tax planning schemes. The level of satisfaction is measured by summing up the rating given by the respondents for tax planning schemes at 5 point scale. The rating has been assigned as 5 for highly satisfied, 4 for satisfied, 3 for neutral, 2 for dissatisfied and 1 for highly dissatisfied. The high score indicates more level of satisfaction and least score indicates their dissatisfaction level.

Table 2 , Level of Satisfaction of Tax Planning Schemes

Tax Planning Schemes	N	Minimum	Maximum	Mean	S.D
Life Insurance Policy	466	1	5	4.18	.75
Provident Fund	441	1	5	4.06	.75
National Savings Certificates	142	1	5	3.80	.80
Infrastructure Bond	89	1	5	3.30	.99
Unit Linked Insurance Plan	105	1	5	3.19	1.05
Group Insurance Scheme	138	1	5	3.88	.94
Mutual Funds	167	1	5	3.34	1.23
Units of UTI	82	1	5	3.30	1.31

Source: Primary Data.

The Table 2 shows that out of all the tax planning schemes, Life Insurance Policy Scheme has scored the highest mean score of 4.18 which indicates that most of the respondents are satisfied with this scheme. The next highest mean value (4.06) scored by the Provident Fund also indicates that it was satisfied by the respondents. The Group Insurance Scheme scored the mean value 3.88 which has been between neutral to satisfied level by the respondents. The next scheme National Saving Certificate scored 3.80 which have also been rated between neutral and satisfied level by the respondents. The Mutual Fund scored (3.34), Infrastructure Bond (3.30) Units of UTI (3.30) and Unit Linked Insurance Plan (3.19) had been rated between neutral and satisfied level by the respondents. Among all the schemes, the assessee are highly satisfied with Life Insurance Policy scheme because it not only reduces the tax burden but it also helps in future risk.



Table- 3, Comparison of the Satisfaction score on Tax Planning Schemes among the variables of Personal Profile

Variable	Group	Mean	SD	No.
Age	20-25	12.11	7.34	47
	25-35	11.65	5.73	136
	35-45	13.49	6.45	121
	45-55	13.33	5.16	118
	55 & Above	14.00	5.25	65
Total		12.87	5.94	487
Gender	Male	12.88	5.99	262
	Female	12.86	5.91	225
Total		12.87	5.94	487
Educational Qualification	School level	12.69	8.24	16
	Graduate	13.67	6.28	97
	Post-Graduate	12.78	5.89	215
	Professional Degree	12.53	5.54	159
Total		12.87	5.94	487
Occupational Status	Corporate Employees	13.64	7.35	98
	Assistant Professor	12.55	6.22	98
	Teacher	12.21	4.82	97
	Professional	12.73	5.17	96
	Bank Employee	13.21	5.80	98
Total		12.87	5.94	487
Employment Status	Central Government	13.75	6.49	73
	State Government	13.23	5.60	112
	Private	12.52	5.92	302
Total		12.87	5.94	487
Working Experience	Less than 10 years	11.94	6.38	203
	10-20 years	13.22	5.34	134
	20 years & Above	13.83	5.69	150
Total		12.87	5.94	487
No. of Assesseees in the Family	One	12.94	6.25	149
	Two	12.84	6.04	209
	Three	12.00	4.90	93
	Four	15.00	6.26	36
Total		12.87	5.94	487
Gross Total Income	Up to ₹.180000	10.28	6.41	29
	₹.180000-₹.500000	11.87	6.07	223
	₹.500000-₹.800000	13.68	5.69	133
	Above ₹.800000	14.75	5.16	102
TOTAL		12.87	5.94	487

Source: Primary Data



Age

The Table 3 furnishes that respondents who are in age group of 55 and above scored mean value of 14 which indicates their high level of satisfaction on tax planning schemes, followed by the respondents whose age between 35-45 scored mean value of 13.49 also had been satisfied with tax planning schemes. The least mean scored 11.65 by the respondents whose age group between 25-35, which indicates their low satisfaction level on tax planning schemes.

Gender

The Table 3 shows that the male respondents scored mean value of 12.88 and female respondents scored mean value of 12.86 which indicates their high level of satisfaction on tax planning schemes.

Educational Qualification

The Table 3 predicts that the respondents who had finished their graduation have been highly satisfied on tax planning schemes with mean score 13.67, followed by the respondents who had completed their post-graduate degree with mean score 12.78. The respondents who finished their professional degree scored mean value of 12.53 which shows their low level of satisfaction on tax planning schemes.

Occupational Status

The Table 3 explains that the respondents who are working in corporate sector scored mean value of 13.64 which indicates their high level of satisfaction on tax planning schemes, followed by the bank employees with the mean score 13.21 showing high level of satisfaction on tax planning schemes. The respondents who are working as teachers scored least mean value of 12.21 which indicates their low level of satisfaction on tax planning schemes.

Employment Status

The Table 3 shows that the Central Government employees had high level of satisfaction on tax planning schemes with mean score 13.75, followed by the State Government employees with mean score of 13.23 which indicates their high level of satisfaction on tax planning schemes. The private employees scored least mean value of 12.52 which shows their low level of satisfaction on tax planning schemes.

Working Experience

The Table 3 furnishes that the respondents who had experience of 20 years and above had high level of satisfaction on Tax planning schemes with a mean score of 13.83, followed by the respondents whose services range between 10-20 years scored mean value of 13.22. The respondents who had less than 10 years of experience scored least mean value of 11.94 which shows their low level of satisfaction on tax planning schemes.

No. of Assesses in the Family

The Table 3 highlights that the respondents who had four assessees in their family scored mean value of 15.00 which shows their high level of satisfaction on tax planning schemes, followed by the respondents who had one assessee in their family with the mean score 12.94. The respondents who had three assessees in their family scored least mean value of 12.00 which shows their low level of satisfaction on tax planning schemes.

Gross Total Income

The Table 3 pinpoints that the respondents whose income is above ₹.800000 scored mean values of 14.75 which indicates their high level of satisfaction on tax planning schemes, followed by the respondents whose earnings range between ₹.500000-₹.800000 with mean score of 13.68. The respondents whose income level is below ₹.180000 scored least mean value of 10.28 which indicates their low level of satisfaction on tax planning schemes.



Table 4,ANOVA for the Satisfaction score on Tax Planning Schemes among the variables of Personal Profile

Variable	Source	Sum of Squares	Degree of Freedom	Mean Square	F Ratio	Table Value	Sig.
Age	Between Groups	384.982	4	96.245	2.764	2.390	*
	Within Groups	16783.868	482	34.821			
Educational Qualification	Between Groups	83.063	3	27.688	.783	2.623	Ns
	Within Groups	17085.787	483	35.374			
Occupational Status	Between Groups	124.771	4	31.193	.882	2.390	Ns
	Within Groups	17044.080	482	35.361			
Employment Status	Between Groups	107.986	2	53.993	1.532	3.014	Ns
	Within Groups	17060.864	484	35.250			
Working Experience	Between Groups	330.465	2	165.233	4.749	4.649	**
	Within Groups	16838.385	484	34.790			
No. Of Assesses in the Family	Between Groups	234.604	3	78.201	2.230	2.623	Ns
	Within Groups	16934.246	483	35.061			
Gross Total Income	Between Groups	866.983	3	288.994	8.562	3.822	**
	Within Groups	16301.867	483	33.751			
	Total	17168.850	486				

** - Significance at 1% level, Ns- Not Significant at 5% level, *- Significance at 5% level

Source: Computed data

Age

Hypothesis: The satisfaction scores on Tax Planning schemes do not differ significantly among the Age group. One way ANOVA was applied to find whether the mean satisfaction score on Tax Planning schemes differs significantly among the age groups. The ANOVA result shows that the calculated F ratio value is 2.764 which is greater than the Table value of 2.390 at 5% level of significance. Since the calculated value is greater than the Table value, it is inferred that the satisfaction score Tax Planning schemes differs significantly among the age groups. The highly satisfied respondents are in the age group of 55 years and above and if they come under Senior Citizen (i.e., 60 years & above) category, they have more tax exemption limit on tax planning schemes which reduces their tax burden highly, thus they are highly satisfied. Hence, the Hypothesis is not accepted.

Educational Qualification

Hypothesis: The satisfaction scores on Tax Planning schemes do not differ significantly among the level of Educational Qualification.

One way ANOVA was applied to find whether the mean satisfaction score on Tax Planning scheme differs significantly among the level of Educational qualification. The ANOVA result shows that the calculated F ratio value is 0.783 which is less than the Table value of 2.623 at 5% level of significance. Since the calculated value is



less than the Table value, it is concluded that the satisfaction scores on Tax Planning schemes do not differ significantly among the level of Educational Qualification. Hence, the Hypothesis is accepted.

Occupational Status

Hypothesis: The satisfaction scores on Tax Planning schemes do not differ significantly among the Occupational Status.

One way ANOVA was applied to find whether the mean satisfaction scores on Tax Planning schemes differ significantly among the Occupational status. The ANOVA result shows that the calculated F ratio value is 0.882 which is less than the Table value of 2.390 at 5% level of significance. Since the calculated value is less than the Table value, it is concluded that the satisfaction scores on Tax Planning schemes do not differ significantly among the Occupational Status. Hence, the Hypothesis is accepted.

Employment status

Hypothesis: The satisfaction scores on Tax Planning schemes do not differ significantly among the Employment Status.

One way ANOVA was applied to predict whether the mean satisfaction scores on Tax Planning schemes differ significantly among the Employment status. The ANOVA result shows that the calculated F ratio value is 1.532 which is less than the Table value of 3.014 at 5% level of significance. Since the calculated value is less than the Table value, it is concluded that the satisfaction scores on Tax Planning schemes do not differ significantly among the Employment status. Hence, the Hypothesis is accepted.

Working Experience

Hypothesis: The satisfaction score on Tax Planning schemes do not differ significantly among the Working Experience.

One way ANOVA was applied to find whether the mean satisfaction scores on Tax Planning schemes differ significantly among the number of years of service. The ANOVA result displays that the calculated F ratio value is 4.749 which are greater than the Table value of 4.649 at 1% level of significance. Since the calculated value is greater than the Table value, it is concluded that the satisfaction scores on Tax Planning schemes differ significantly among the years of experience. The more experienced person earns more income which probably raises the tax burden, so to reduce high tax they used to invest in tax planning schemes to get benefits on tax concession. So experienced persons enjoy the benefit and are highly satisfied with tax planning schemes. Thus the satisfaction level varies on experience. Hence, the Hypothesis is not accepted.

No. of Assesses in the Family

Hypothesis: The satisfaction scores on Tax Planning schemes do not differ significantly among the Number of assesses in the family.

One way ANOVA was applied to find whether the mean satisfaction scores on Tax Planning schemes differ significantly among the number of assesses in the family. The ANOVA result displays that the calculated F ratio value is 2.230 which is less than the Table value of 2.623 at 5% level of significance. Since the calculated value is less than the Table value, it is concluded that the satisfaction scores on Tax Planning schemes do not differ significantly among the number of assesses in the family. Hence, the Hypothesis is accepted.

Gross Total Income

Hypothesis: The satisfaction scores on Tax Planning schemes do not differ significantly among the Gross Total Income.

One way ANOVA was applied to predict whether the mean satisfaction scores on Tax Planning schemes differ significantly among the Gross total income. The ANOVA result displays that the calculated F ratio value is 8.562 which is greater than the Table value of 3.822 at 1% level of significance. Since the calculated value is greater than the Table value, it is concluded that the satisfaction scores on Tax Planning schemes differ significantly



among the Gross total income. The respondents who are earning above ₹.800000 are highly satisfied which shows that the increase in income raises the tax burden, so to get tax concession they invest in tax planning schemes which reduces the tax burden and increases the satisfaction level. Hence, the Hypothesis is not accepted.

Table 5,t-test for Satisfaction score on Tax Planning Schemes among Genders

t value	Degree of freedom	Table value	Sig.
.044	485	1.965	Ns

Ns- Not Significant at 5% level

Hypothesis: The average awareness on Tax Planning schemes do not differ significantly between Male and female respondents.

The t-test was applied to find whether the mean awareness scores on Tax Planning schemes differ significantly between Male and Female. The calculated value is 0.044 which is less than the Table value of 1.965 at 5% level of significance. Since the calculated value is less than the Table value, it is inferred that the mean awareness score Tax Planning schemes do not differ significantly between male and female. Hence, the hypothesis is accepted.

Table 6,Comparison of Satisfaction score on Tax Planning Schemes among the opinion Tax Planning Schemes Reduced Tax Burden

Opinion on Tax Planning Schemes reduced tax burden	Satisfaction score on Tax Planning Schemes		
	Mean	S.D	No.
Yes	13.39	6.03	360
No	11.40	5.45	127
Total	12.87	5.94	487

Source: Primary Data

The Table 6 highlights that the respondents who had opined that Tax Planning Schemes reduced their tax burden scored mean value of 13.39 which indicates their high level of satisfaction on tax planning schemes and those with negative experience scored mean value of 11.40 which shows their low level of satisfaction on tax planning.

Table 7,T-test for Satisfaction score on Tax Planning Schemes among the opinion on Tax Planning Schemes Reduced Tax Burden

t value	Degree of freedom	Table value	Sig.
3.272	485	2.586	**

*** - Significance at 1% level*

Hypothesis: The average satisfaction on Tax Planning Schemes does not differ significantly between the opinions of respondents.

The t-test was applied to find whether the mean satisfaction scores on Tax Planning Schemes differ significantly between the opinions of respondents. The calculated value is 3.272 which is greater than the Table value of 2.586 at 1% level of significance. Since the calculated value is greater than the Table value it is inferred that the mean satisfaction scores differ significantly between the opinions of the respondents. Investing in tax planning schemes reduces the tax burden of the respondents to the extent of investment contribution to the scheme. Thus based on the extent level of tax reduction, the respondents' satisfaction varies. Hence the hypothesis is not accepted.



Findings

The factors induced to invest in tax planning schemes are analysed by simple percentage and the results reveal that 58.3% of the respondents invest in Life Insurance Policy by self, 59.8% of the respondents are induced by the working office to invest in Provident Fund, 9% of the respondents are induced by the relatives and friends to invest in National Saving Certificate, 4.5% of the respondents are induced by the relatives and friends to invest in Infrastructure bond, 5.7% of them invested in Unit Linked Insurance Plan by themselves, 6.8% of them are invested in Group Insurance Scheme by relatives and friends, 9.9% of them invested in Mutual Funds by relatives and friends, 4.5% of them invested in units of UTI by themselves.

The satisfaction level on tax planning schemes is calculated by applying Descriptive Analysis and ANOVA test. The descriptive analysis reveals that among the total schemes, Life Insurance Policy scored highest mean value of 4.18 which shows their high level of satisfaction. The satisfaction score on Tax planning schemes is compared among the personal profile and the results indicates that among the total respondents, the respondents in the age group 55 and above had high satisfaction when compared with other age group respondents. The male respondents are highly satisfied with tax planning schemes when compared with female respondents. In the case of educational qualification, the graduate degree holders were highly satisfied among others, and in occupational status, corporate employees are highly satisfied on tax planning schemes compared with other employees. When considering the employment status, central government employees were highly satisfied on tax planning schemes when compared with state and private sector employees. In considering the working experience, the respondents with experience 20 years and above had high level of satisfaction, and the respondents with four assessees in their family were highly satisfied. The respondents with income above ₹.800000 were highly satisfied on tax planning schemes when compared with the other income group respondents. It is predicted from the ANOVA results that the satisfaction level on Tax Planning Schemes varies significantly among age groups, working experience, gross total income.

Conclusion

Now-a-days both male and female are working and are investing in tax planning schemes to avoid high tax. Even though both are investing in tax planning schemes, male respondents taken for the study are highly aware and satisfied on tax planning schemes than the female. The respondents with higher age group are highly satisfied on tax planning schemes. The satisfaction level on tax planning schemes does not differ among the educational level taken for the study. In the case of employment status, the private sector employees have low satisfaction levels on tax planning schemes than State government and Central government employees. The reason may be the government employees earn more income than private sector employees. To avoid high taxation, they invest more amounts in tax planning schemes which reduces their tax burden and increase their satisfaction level. The satisfaction level on tax planning schemes varies with respect to working experience taken for the study. The respondents with more experience are highly satisfied with tax planning schemes. Based on the earnings of the respondents the satisfaction level varies on tax planning schemes. Among the tax planning schemes, the respondents invest amount in Life Insurance Schemes by self decision to reduce the taxable income.

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