IJARSCT

ISSN (Online) 2581-9429

International Journal of Advanced Research in Science, Communication and Technology (IJARSCT)

Impact Factor: 6.252

Volume 2, Issue 2, July 2022

An Analytical Study on Tax Planning Measures by Salaried Women Assessees of Multinational Companies in Bangalore

Dr. B. A. Karunakarareddy[1] and Vedanandaprabhu P G[2]

Research Guide, AIMS Centre for Advanced Research Centre University of Mysore, Mysore[1]

Research scholar, AIMS Centre For Advanced Research Centre University of Mysore, Mysore[2]

drbakreddy@yahoo.co.in[1] and vedanandaresearch@gmail.com[2]

Abstract: *The aim of the paper 'An analytical Study on Tax Planning Measures by Salaried Women Assessees of Multinational Companies in Bangalore'. is to spread awareness about the importance of tax payment and the schemes available for individual tax payers in Multinational companies under the Income Tax Act, 1961. Taxes are looked at as unnecessary burden and many people find it unjust to pay more taxes as their income increases. This paper will bring up the positive effects of timely tax payment and the benefits that can be enjoyed along with it. Taxation is supposed to be a helping hand for the overall development of the nation. In karnataka, Government and Non-government employees invested more on investment than on philanthropic items and, they invested more in provident fund, national pension schemes , life insurance schemes and group insurance, which were a mandatory for them.*

Keywords: Tax saving schemes, tax planning , individual Women assessees. Multinational companies

I. INTRODUCTION

As the saying goes "A penny saved is a penny earned", savings and investments are the important aspects of any financial planning strategies. It is one of the essential aspects of building wealth and having a secure financial future. It provides financial support and a way out to meet uncertainties of life and provides with an opportunity to enjoy a quality life. Thus putting aside a sum of money in a systematic manner can help and resolve many hurdles and obstacles in life and ensure to steer out any unfortunate event. There are many reasons to save and several ways to save with ease.

Savings is the difference between income and consumption expenditure. Thus accumulated savings is the surplus over the expenditure. It ensures financial stability and wellness of the family and future. It helps in accomplishing future goals like purchase of house, construction, and vehicle, meet social and family responsibilities and as a cushion to lead a stable and status oriented life. Irrespective of demography profile of the investors' people save and invest to gain higher returns and wealth creation. Now a days it has become crucial for everyone to save regardless of their earnings, spending and life stage.

Savings and investment are interchangeably used by the investors as they have shared characteristics. A thumb rule to keep in mind is savings are short term and investment are for long-term to obtain the optimum benefits. The amount saved should be invested in some beneficial or profitable avenues. An investment is an asset created with an intention of allowing it to grow and provide with higher gains along with the safety of the funds. The wealth created to be used for the meeting any uncertainties of life, meet any specific obligation and have a happy and convenient livelihood. Investment can fetch two ways of revenues. One can be return generating plans and the second one can be saleable assets. Investments can be made in stocks, bonds, public provident fund, fixed deposits, and other modes.

The contemporary economies are dominated by the female participation in all the fields of profession and sectors. 'Equal work and equal pay' and 'gender equality' are the often heard slogans that has made the policy makers to rethink and frame suitable tax policies to all and create a comfortable zone. Thus, investment pattern and taxation policies has a great correlation. The favourable taxation policies encourages higher investment pattern and vice versa. Thus people move towards efficient tax planning measures in order to reduce legally the tax liability by investing in the different schemes provided under the income tax Act.

IJARSCT

ISSN (Online) 2581-9429

International Journal of Advanced Research in Science, Communication and Technology (IJARSCT)

Volume 2, Issue 2, July 2022

IJARSCT
Impact Factor: 6.252

The present study focused on the salaried women investment behaviour in relation to tax planning measures. The investor's behaviour is automatically influenced by the available taxation policies of the country whether it is male or female. Saving is a habit especially embodied to women. Even in the past, when women were mainly depended on their spouse's income, they used to save to meet emergencies as well as for future activities. But women have generally been more resistant when it comes to financial investments. Thus most of the Indian families are dominated by male decision making especially in the financial management areas. Women playing dual role are busy with both different and challenging responsibilities are less inclined towards savings, investment and other major financial decisions.

II. LITERATURE REVIEWS

Kalgutkar (2018) did research on ***"tax awareness and tax planning on wealth creation of individual assessees"***. The study was related to personal financial aspects of individual assessee. Tax awareness was an important component of tax planning. In India, tax on personal income takes away foremost part of earned income. As every individual assessee who have earned yearly income which is more than a limit as prescribed by the income tax law is liable to pay tax. Self-assessment system requires tax payers to have full understanding of tax rules.

Pallavi and Anuradha (2017) examined ***"tax planning and investment pattern of academicians"***. Tax planning involved an efficient application of various provisions and loopholes of tax laws to reduce the incidence of tax and tax burden of an assessee. The research paper aimed at studying the investment pattern and the awareness of various tax planning schemes available for investment for academicians.

Vyshak et al. (2021) assessed ***"tax planning measures among individual taxable assesses: an exploration of the age effect"***. Tax planning allows investors to reduce their tax liability on investment profits. To take advantage of tax planning, the assessee must be aware of the various provisions of tax saving plans that are available under the statute. The purpose of the research was to examine the level of awareness on tax planning of individual taxpayers in the state of Kerala.

Vyshak and Joobi studied ***"awareness and attitude towards tax planning on wealth creation of individual assesses"***. Tax planning is the arrangement of one's affairs in such a way that the tax planner can either reduce the tax incident in its entirety or reduce it to the maximum extent that is permissible within the framework of taxation.

Dey (2015) found ***"awareness and practices of tax planning by salaried employees: a case study of lecturers in Odisha"***. Tax is a compulsory extraction and major source of revenue for the Government. Being a citizen of India, paying tax is one of our constitutional duties in return of fundamental rights. But paying tax is always a painful task as it directly impacts on the residual income of the taxpayers.

Pallavi (2018) evaluated ***"perception of tax planning and investment pattern among academicians"***. Tax planning is the most important financial plan to be drafted by any taxpayer. It reduces the tax burden. An effective and efficient way of utilizing the provisions of tax laws in order to reduce tax burden by an assessee is termed as tax planning.

2.1 Objectives

1. To explore on the saving culture amongst the salaried women .
2. To study the relation between tax planning measures amongst the salaried women

2.2 Scope of the Study

The rise in the women empowerment and women employment has brought a drastic change in the economic and fiscal policies of the nation. The concepts of gender equality and equal pay for equal work has contributed for the financial stability of the working women populace across the country. **"An Analytical Study on Tax Planning Measures by Salaried Assessees of Multinational Companies in Bangalore'"** will be undertaken on the working women of Multi-National companies in Bangalore. The purpose of this study would be to understand the saving and investment culture and impact of tax planning measures on the working women populace. The respondents who fall above the salary package of 5,00,000 per annum are considered for the study. The research purely focus on the women .

2.3 Methodology of the Study

- **Area of the study: -** The study is being conducted in the Bangalore - Karnataka State.
- **Research Design: -** The present study is focused on the exploratory research design as it tries to explore the investment behaviour and tax planning culture on the working women population.
- **Data used: -** The **primary data** will be collected by administering a structures questionnaire on the investment behaviour and tax planning measures from the various Multi- national companies in Bangalore and other social circles for exploring the respondent's opinion on the savings, investment and awareness on tax planning measures and its impact on the investment behaviour. The **secondary data** has been collected from the reports, newspapers. Journals, published sources, dissertations and other sources. Even personal interviews were conducted by asking open ended and close ended from the respondents to collect the insight on various arenas to substantiate the study.

III. DEDUCTIONS ON SECTION 80C, 80CCC AND 80CCD

3.1 Section 80C

The deduction under section 80C is allowed for your gross total income. The deductions under this section is allowed to an individual or HUF. Total deduction under section 80C cannot exceed Rs. 1, 50,000 for the financial year 2022-23

Investments in PPF - PPF contributions made every year are eligible for tax deductions u/s 80C of the Income Tax Act, 1961. The deductions can be claimed by anyone for the given limit. The deduction limit for PPF deposits is Rs.1.5 lakhs. PPF account have a maximum deposit limit of Rs.1.5 lakhs per year, therefore, all deposits made to your PPF account can be claimed as deductions u/s 80C. Section 80C allows for a maximum deduction of Rs.1.5 lakhs per year inclusive of all investment financial instruments. The PPF account matures after 15 years. Interests earned from PPF deposits are tax-free. But only after 5 years of depositing money in PPF account a person can withdraw money.

A. Employee Provident Fund

The aim of the Employee Provident Fund scheme is to promote retirement savings for employees across India. The Employees' Provident Fund (EPF) is a corpus of funds built through regular, monthly, contributions made by an employee and his/her employer. The amount contribution to the fund is based on a fixed rate. Employees earn interest on their EPF balance. Both, the interest earned and the total amount withdrawn at maturity are tax-free, making this one of the most popular forms of long-term retirement savings among the working population in India. Besides retirement, funds accumulated in an employee's EPF account can also be used at time of resignation or death of employee. It also offers financial security in times of any emergency and if an employee is rendered unfit for unemployment.

B. Investment in Sukanya Samridhi Account

Sukanya Samriddhi Scheme is one of the most popular government schemes launched by the Indian Prime Minister, Shri. Narendra Modi. The scheme is aimed at betterment of girl child in India. Sukanya Samriddhi scheme has been launched to offer to save girl child in every family. The money saved through this scheme is to provide for higher education of girl and for her wedding expenses. The scheme has been accepted very well by the public since this is a good step towards providing financial security and financial dependence to women. Attractive rate of interest of 8.1% per annum which is more than the most other schemes in the market. This rate is to be revised by the ministry of finance every year in the month of April. For the financial year 2017-2018, the interest rate was as high as 9.2%. Any change in rate will then be communicated to theaccount holders.

C. Children's Tuition Fee Payment

Section 80C of the Income Tax Act has provisions for tax deductions on education fees paid by a parent towards educating his/her children. Taxpayers can avail deductions to a tune of Rs 1.5 lakh under Section 80C.

D. Principal Repayments on Loan for purchase of house property Under Section 80C of the Income Tax Act, one can enjoy tax benefits on principal amount of the home loan. Maximum tax deduction allowed is Rs.2,00,000.

Section 80CCD(2): This section deals with the employer contribution toward an employee's NPS funds. Employees can claim this amount as deductions u/s Section 80CCD (2). The amount of deduction is limited to 10% of the employee's salary.

Section 80TTA: Deductions on savings bank account The interest you receive on your savings bank account is considered as your income and therefore it is taxable. However, you also get some tax deduction on the same income. Section 80TTA of the Income Tax Act offers tax deduction on interest income earned from deposits held in savings account of some financial institutions.

Section 80GG: Deduction on house rent Usually HRA forms part of your salary and you can claim deduction for HRA. If you do not receive HRA from your employer and make payments towards rent for any furnished or unfurnished accommodation occupied by you for your own residence, you can claim deduction under section 80GG towards rent that you pay.

Section 80E: Deduction on loan for higher studies Deduction with respect to interest on loan for higher studies. Just like expenses incurred on school education bring you tax benefits, expenses on higher education also fetch you tax deductions. If higher education is supported by education loan, then interest paid on it can reduce you taxes.

Section 80G: Deduction for donation towards Social Cause Section 80G allows a tax deduction for donations to certain prescribed funds and charitable institutions. Following are the details of the section. Deduction Limit The extent of deduction is either 50% or 100% of the contribution, based on the charitable institution donated to. For certain funds, the aggregate deduction is limit to 10% of the "Adjusted Gross Total Income". So, in such cases, even if you do make a donation larger than 10% of your Adjusted Gross Total Income, the donation amount allowed for claiming a deduction would be capped at 10% of the Adjusted Gross Total Income.

IV. DATA ANALYSIS AND INTERPRETATION

The study is based on the information collected from 46 respondents using random sampling method; table 1 representsthe gender and age of the respondents .

Table 1: Demographic Data

	No of Respondents	% of total
Gender		
Male	26	56.52
Female	20	43.48
Total	46	100
Age		
26-30	13	28.26
31-35	12	26.08
35 & above	21	45.66
Total	46	100

Table 2: Socio-Economic Status

Income	No of Respondents	Percentage of total
5 Lakhs- 10 Lakhs	28	60.87
10 Lakhs and above	18	39.13
Total	46	100

The sample proportion is 56.52% of males and 43.48% of females, the categories of age as observed has been divided into three groups having proportion of 28.26%, 26.08 % and 45.66 % from groups of 26-30 years, 31-35 years and 35 years and above respectively. The income observed has been classified into two groups i.e. 5 Lakhs-10 Lakhs (60.87%) and 10 Lakhs and above (39.13%).

IJARSCT

ISSN (Online) 2581-9429

IJARSCT
Impact Factor: 6.252

International Journal of Advanced Research in Science, Communication and Technology (IJARSCT)

Volume 2, Issue 2, July 2022

V. CONCLUSION

Individual's tax strategies are directly related to their age and income. Any Women individual who want to be assessee income tax and want to do tax planning and savings, first calculate total income then compute the income tax by deduction and adjustment in total income according to tax table structure. The tax is paid in access then get refund from the income tax department. Government constantly introduces the different schemes for tax saving purpose.

REFERENCES

[1]. Achar, A. (2012). Saving and Investment Behaviour of teachers-An empirical study. *International Journal of Physical and Social Sciences*, *2*(8), 263-286.

[2]. Ahmed, R. F. (2017, December). Income Tax Planning—Tax Saving Scheme for Individuals. In *Proceedings of the National Seminar on Direct and Indirect Tax Laws—An Overview (DITBCS–2017)* (p. 131). Allied Publishers.

[3]. Chavali, K., & Mohanraj, M. P. (2016). Impact of demographic variables and risk tolerance on investment decisions–an empirical analysis. *International journal of economics and financial issues*, *6*(1), 169-175.

[4]. Dey, S. K., & Varma, K. K. (2016). Awareness of tax saving schemes among individual Assessees: Empirical evidence from twin city of Odisha. *Journal of Commerce and Management Thought*, *7*(4), 668-692.

[5]. Dey, S. K. (2015). Awareness and practices of tax planning by salaried employees: A case study of lecturers in Odisha.

[6]. DEVI, P. S., & RAJU, M. C. N. The Impact of Tax Saving Schemes on Investment Behavior.