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FACTOR INFLUENCING THE TAX PLANNING BEHAVIOUR AMONG THE SALARIED INDIVIDUALS

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Indian Economy is the world's 06th largest economy (2021 Nominal GDP) and 03rd largest by purchasing power parity (2021 PPP). Salaried workers are a consistent group of tax paying citizens that give roughly 12% of overall revenue to a government through income tax. Due to which tax planning has assumed special importance for salaried individuals. All taxpayers in India have a variety of tax saving choices. These choices provide a variety of exclusions and deductions that help to reduce the total tax burden. Deductions are provided from Sections 80C through 80U, and qualifying taxpayers can claim them. Hence it is essential for the individual tax payer to know all their possible tax regulations and for tax compliance. It is totally legal and, in fact, a wise option when tax planning is done within the boundaries set by the relevant authorities. However the salaried individuals are not able to plan their taxes which results in opting for the wrong investment options. The objective of the study is to determine the level of awareness among the salaried individual on several tax planning methods offered on professional tax under the income tax act and to identify the factors influencing the tax planning behaviour of the salaried individuals.

Keywords: Tax Planning, Tax Planning Measure, Factors Influencing Tax planning

1. INTRODUCTION

Tax planning is a lawful method of lowering your yearly tax obligations. It will assist you in making the greatest possible use of tax exemptions, deductions, and perks in order to reduce your tax liability. It should, however, be done legally. Tax planning is analysing one's financial status from a tax efficiency standpoint in order to best plan one's finances. Tax planning is the process of maximising the use of different tax exemptions, deductions, and perks in order to reduce a taxpayer's tax burden over the course of a financial year. Tax planning is a lawful approach to reduce income tax payments, but it must be done with caution to ensure that the taxpayer is not intentionally engaging in it.

Tax planning is the review of one's financial status from the perspective of tax efficiency in order to arrange one's finances in the most efficient way possible. Tax planning is the process of maximizing the use of different tax exemptions, deductions, and perks in order to reduce a taxpayer's tax burden over the course of a fiscal year. Tax planning is a lawful approach to reduce income tax payments, but it must be done with caution to ensure that the taxpayer is not engaging in tax evasion or avoidance on purpose.

All taxpayers in India have a variety of tax saving choices. These choices provide a variety of exclusions and deductions that help to reduce the total tax burden. Deductions are provided from Sections 80C through 80U, and qualifying taxpayers can claim them. These deductions are attributed to the reduced amount of income tax owing. Other portions of the Income Tax Act of 1961, such as exemptions and tax credits, might help you decrease your tax responsibilities. It is totally legal and, in fact, a wise option when tax planning is done within the boundaries set by the relevant authorities. However, employing unscrupulous methods to avoid paying taxes is prohibited, and you might face penalties. Tax avoidance, evasion, and planning are now all methods for saving money on taxes. Tax planning is the only legal way to reduce your tax bills among these options. The government provides several tax-saving possibilities with the goal of lowering a taxpayer's tax burden through legitimate income tax planning approaches.

2. TAX PLANNING OBJECTIVES:

- To Reduce Tax Liability
- To Minimise Litigation
- To Alleviate the Economy of The Nation
- To Leverage Productivity and Financial Growth

3. REVIEW OF LITERATURE

- **Vyas Yagna, Gondaliya Vijay R (2020)** studied Tax planning and tax management of salaried individuals: A study of Bardoli Region. The study aim was to study individuals' knowledge of tax planning and

management of salaried individuals. In the study they find that higher-income individuals need professionals help to manage their tax, but qualified people are having sufficient knowledge for the same.

- **Jain (2014)** researched to examine investment and Earning Pattern of Working-Women in Ahmadabad. This research was done to find awareness level and preferred investment tools of working women in Ahmedabad. In this study data was collected from 250 working women. In this research they find that main motive behind investing is to fulfil their personal and financial goals.
- **Manjunath (2015)** According to the study, bank deposits were favoured by salaried class investors above insurance, post office savings plans, real estate, and mutual funds. Due to the danger involved, only a small percentage of salaried class investors decided to invest in stocks and bonds. As a result, salaried investors have tended to invest in long-term assets with the goal of a comfortable retirement, children's marriage, children's higher education, and a steady return. The survey also discovered that the majority of male investors are better knowledgeable about tax-advantaged investing opportunities
- **Shilpa Vasant Bhide (2013)** has studied the extent of tax planning awareness among salaried taxpayers. The majority of salaried assesseees were found to be well-versed in basic tax principles and rules, according to the survey. According to the report, the majority of salaried taxpayers arrange their taxes without consulting a professional. The study concluded that adequate tax planning can help salaried persons lower their tax bill. As a result, the report recommends that tax assesseees seek the advice of tax advisors and chartered accountants in order to make better tax and investment decisions.

4. SIGNIFICANCE OF STUDY:

Tax planning is the process of lowering one's tax liability by making appropriate savings and investment decisions. Taxpayers typically plan their tax burden only at the conclusion of the fiscal year. As a result, tax payers are unable to make sound investment decisions in order to reduce their tax burden. The main cause of this problem is a lack of awareness of taxes rules and difficulties in tax law interpretation, even among educated assesseees. As a result, knowledge of numerous tax-advantaged investment opportunities is also lacking. With this keep in mind, this study is carried out to find the tax planning strategies taken by salaried tax payers and to identify the factors influencing the tax planning behaviour of the salaried individuals

5. RESEARCH DESIGN:

5.1. OBJECTIVE OF THE STUDY:

- To determine the level of awareness among the salaried individual on several tax planning methods offered on professional tax under the income tax act
- To study the measures of tax planning adopted by the salaried individual
- To identify the factors influencing the tax planning behaviour of the salaried individuals.
- To provide necessary suggestions and recommendation

5.2. HYPOTHESIS:

H01: There is no significant difference between Genders towards awareness of tax planning measure.

H02: There is no significant difference Economic Status towards awareness of tax planning measure.

H03: There is no significant difference Age towards awareness of tax planning measure

5.3. RESEARCH METHODOLOGY:

- **Primary Data:** The primary data of this research has been collected through a well-structured questionnaire, from the salaried individuals of Mumbai western suburb region.
- **Sampling Method:** Convenience Sampling
- **Sample Size:** 100
- **Statistical Tool:** Percentage, Descriptive Analysis & Chi-square test by Using SPSS Software
- **Data Collection Tool:** Questionnaire
- **Secondary Data:** the data is referred from available books, magazine, journals and internet

6. RESULTS:**6.1. DEMOGRAPHIC ANALYSIS:****Table 6.1:** Demographical Profile (N= 100)

		Frequency	Percent
Age	20-30	73	73.0
	31-40	13	13.0
	41-50	7	7.0
	51&above	7	7.0
Gender	Male	61	61.0
	Female	39	39.0
Education Qualification	HSC	10	10.0
	SSC	15	15.0
	Graduate	75	75.0
Marital Status	Married	24	24.0
	Unmarried	76	76.0
Type of Family	Nuclear	50	50
	Joint	50	50
Sector	Government	18	18.0
	Private	82	82.0
Annual Income	Below 250000	53	53.0
	250000-500000	26	26.0
	500000-750000	12	12.0
	750000-1000000	5	5.0
	1000000& above	4	4.0

INFERENCE

The demographic profile of respondents shown in table 1 reveals that 73% of respondents were from the age group in between 20-30 years, 13% were from 31-40 years, 7% were from 41-50 years and 7% were above 51 years. Out of 100 respondents, almost 61 percent of respondents were male and 39 percent of respondents were female. As regards to education level, 75% respondents were graduate, 15% were SSC, and 10% were HSC qualified. The majority of respondent fell into the category of Private Sector. Annual Income wise the majority of respondent were earned below 2.5 Lac and only 4 % of respondent were earning above 10 lac.

6.2. DESCRIPTIVE ANALYSIS**Table 6.2:** Awareness Level of 100 respondents

	N	Minimum	Maximum	Mean	Std. Deviation
Awareness	100	1.00	5.00	3.6928	.99385
Valid N (listwise)	100				

INFERENCE

According to the table 2, variables of awareness have mean scores greater than 3.00. (neutral). Awareness value of mean has 3.6928 and having Std. deviation 0.99385, indicating that the respondents are partially aware and closely have the moderate level of awareness on various tax planning measures available on professional tax under the income tax act.

6.3. KMO AND BARTLETT'S TEST**Table 6.3.1:** Result of KMO and Bartlett's Test and Communalities Score

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.854
Bartlett's Test of Sphericity	Approx. Chi-Square	336.459
	Df	45
	Sig.	<.001

INFERENCE

To examine the data's fitness for factor analysis, the results of Kaiser-Meyer-Olkin (KMO) measures of sample adequacy and Bartlett's Test of Sphericity were used (Homogeneity of Variance). The findings show that the KMO measure of sampling adequacy was 0.854, which is more than 0.5, indicating that the data was suitable for factor analysis. Similarly, the Bartlett's Test of Sphericity ($<.001$) was significant.

Table 6.3.2 : Factors Influencing the Tax Planning behaviour

	Minimum	Maximum	Mean	Std. Deviation
Safety of money invested	1	4	3.22	.848
Good returns	1	4	3.17	.783
Loan facility	1	4	2.94	.831
Tax benefits	1	4	2.94	.890
Future Prospective	1	4	2.98	.887
Retirement life	1	4	2.94	.897

INFERENCE

According to table 4, which describes the factors influencing the tax planning behaviour of individuals, all factor determinants have mean scores greater than 2.5 (neutral). As we can see in the above-mentioned table, money invested is the most important factor which influences the tax planning behaviour of individuals, consisting of 3.22 and Std. The greatest deviation is 0.848, and it is ranked first. The second major factor is that individual behaviour is affected by thinking about good returns while tax planning. The mean value and standard deviation value of good returns are 3.17 and 0.783. The third factor that influences an individual's tax planning is that they always consider the future in their lives, such as their children's education, owning a home, and so on. Loan facility, tax benefits, and retirement life are also important factors and have a mean value of 2.94, which reveals that most individuals likely considered this factor while tax planning.

7. HYPOTHESIS TESTING

H01: There is no significant difference between genders towards awareness of tax planning measure.

Table 7.1: Pearson Chi-Square and Likelihood Ratio Estimates

	Value	df.	Asymptotic Significance (2-sided)
Pearson Chi-Square	38.079 ^a	42	.644
Likelihood Ratio	49.678	42	.194
Linear-by-Linear Association	.000	1	.994
N of Valid Cases	100		

INFERENCE

Calculated p-value is 0.644 it is greater than 0.05. Therefore, Chi-Square test is accepted and hence null hypothesis is accepted: There is no significant difference between genders towards awareness of tax planning measure.

H02: There is no significant difference Economic Status towards awareness of tax planning measure.

Table 7.2: Pearson Chi-Square and Likelihood Ratio Estimates

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	195.838 ^a	168	.070
Likelihood Ratio	138.559	168	.953
Linear-by-Linear Association	.941	1	.332
N of Valid Cases	100		

INFERENCE

Calculated p-value is 0.70 it is greater than 0.05. Therefore, Chi-Square test is accepted and hence null hypothesis is accepted: There is no significant difference between Economic Status towards awareness of tax planning measure.

H03: There is no significant difference Age towards awareness of tax planning measure. Table 7.3: Pearson Chi-Square and Likelihood Ratio Estimates

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	142.545 ^a	126	.149

Likelihood Ratio	98.432	126	.967
Linear-by-Linear Association	1.946	1	.163
N of Valid Cases	100		

INFERENCE

Calculated p-value is 0.149 it is greater than 0.05. Therefore, Chi-Square test is accepted and hence null hypothesis is accepted: There is no significant difference between Economic ages towards awareness of tax planning measure.

8. DISCUSSIONS

1. Awareness value of mean indicates that the respondents are partially aware and closely have the moderate level of awareness on various tax planning measures available on professional tax under the income tax act.
2. The most important factor which influences the tax planning behaviour of individuals, consisting of safety of money invested and less risk, followed by thinking about good returns while tax planning. The third factor that influences an individual's tax planning is that they always consider the future in their lives, such as their children's education, owning a home, and so on. Loan facility, tax benefits, and retirement life are also important factors.
3. The study also reveals that there is no variance between Male and Female towards awareness of tax planning measure.

9. CONCLUSION

Tax planning has a broader perspective and is directly related to what a salaried assessee earns and his tendency to consume. The difference between the two amounts to savings, and if those savings can be used to avoid paying taxes, tax planning is effective. The entire procedure is based on interpreting the Income Tax Act in terms of Revenue for the government and reasonable discretionary income for the taxpayers we desire a rationalised, streamlined, and simpler A functioning tax system in which an assessed gets assessed but does not feel abused. Tax planning not only minimises the tax burden but also provides mental gratification. If salaried assessors use Tax planning methods will enable them to save a significant percentage of their hard-earned money in a lawful manner way. When the government provides a wide range of options for investing money based on the measures financial situation and preferences, it is the primary responsibility of every paid assessee to take advantage of those opportunities and reap the benefits. Knowledge of a few provisions of the Income-Tax Act is necessary. Thus, tax planning is not difficult and can be accomplished with a certain level of understanding and effort.

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**A STUDY ON INSIDER TRADING LAW IN UNITED STATES (U.S.) WITH REFERENCE TO
SELECTED RECENT CASE LAWS.**

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Research Scholar, Chetana's Hazarimal Somani College of Commerce & Economics and Chetana's Institute of
Management & Research Centre**ABSTRACT**

Transparency, openness, and disclosure are attributes to the effective running and governance of a corporate organization. To get an unfair advantage over others, people connected with the organization obtain sensitive information and frequently engage in unfair trade which is termed as 'insider trading'. This is an unethical and morally reprehensible conduct that can have serious implications. As a result, it is critical to put a stop to these behaviors on a global scale. Different countries are taking attempts to prevent such acts through policies around the world. SEC monitors the functioning of the US capital market. This paper is an humble attempt to understand the Trading laws in United States and SEC's role in implementing Insider Trading laws in United States.

Keywords: *Insider Trading, Securities Act of 1933, Securities Exchange Act of 1934 , Unpublished Price Sensitive Information (UPSI), SEC.*

INTRODUCTION

Insider Trading is a major issue which is been faced not only in India but also in many developed countries like United States of America (US). For efficient administration of Insider trading activities it is very much essential that effective measures and its proper implementation of rules and regulations should be there. Various countries have already initiated steps to curb insider trading activities by introducing stringent rules and regulations, periodic disclosures etc. These steps have undoubtedly attempted to address the issues surrounding insider trading, but there are still gaps. Illegal insider trading is defined as dealing in securities based on unpublished price sensitive information relating to that particular securities which is in violation of a fiduciary duty. The company's directors play an important role in determining the company's future. Their decisions can have an impact on how the stock market reacts to investors. As a result, the board's meetings and decisions are considered private, so maintaining the information's secrecy until it is made public is critical. Over time, it has been observed that people associated with the organization obtain sensitive information and frequently engage in unfair trade in order to gain an unfair advantage over others. As more and more people started dealing in securities in the global market, people indulging in insider trading activities also arose. Securities and Exchange Commission (SEC) is an independent federal body which is responsible for implementing securities legislation of the capital market in US. SEC was established under the Securities Exchange Act, 1934.

What is Insider Trading?

Insider trading is mainly caused due to use of Unpublished Price Sensitive Information (UPSI) for making illegal profits by dealing in securities. The UPSI is an information which has not been published anywhere and if any person is in possession of such information, can make use of it to earn illegal profits. Unpublished price-sensitive information includes any information related to financial, operational, corporate actions, corporate restructuring etc. Insiders include directors, officers, and employees of a company and related companies, individuals with some kind of official relationship with a company, professionals or business (e.g., auditors, consultants, bankers, and brokers), stockholders, government officials, and stock exchange employees, among others, who have access to confidential, price-sensitive information about the company.

Black's Law Dictionary defined insider trading as the use of material, non-public information in trading the shares of a company by a corporate insider or other person who owes a fiduciary duty to the company. This definition of insider trading, according to the author, is limited to those who have a fiduciary obligation to the company. In other words, it does not consider situations in which an individual outside a company purchases or sells corporate securities while in possession of UPSI in a way that does not involve a breach of duty to the corporation by an insider. In effect, according to Black's Law Dictionary, liability is based on a fiduciary relationship between the trader and the corporation, excluding tippees and other non-insiders from liability. Dealing in a corporation's securities on the basis of UPSI is thus known as insider trading. Such UPSI includes information relating to major mergers and acquisitions, takeovers, any major project plan, contract, buyback of securities, bonus issues, and other matters that, if made public, would have had a significant impact on the corporation's stock price.