Research Article

# An Individual Tax Payer Awareness Planning and its Impact on Wealth Creation

**Avinash Totlani**[1*] **, Asha Sharma**[2]

[1,2]Dept. of Accountancy and Business Statistics University College of Commerce and Management Studies Mohanlal Sukhadia University Udaipur, India

*Corresponding Author: Avinash_totlani2005@yahoo.co.in*

*Abstract*— In a country like India the rates of tax on personal income tax are very high as compared to other countries. In this situation, it is inevitable for every individual assessee to constantly update their awareness about various provisions of income tax from time to time. The objectives behind the paper is to assess the tax awareness and tax planning of the individual taxpayer and the impact of tax awareness and planning on the wealth created by an individual. The primary data was collected from 71 respondents and revealed that highest awareness was found related to deductions from 80C to 80U and the lowest awareness was found to be related to various penalties among the respondents. The standard deviation was highest for awareness related to various taxable, partly taxable and tax free allowances. For testing the difference between the mean of the groups ANOVA was applied and revealed that awareness related to advance payment of tax according to the income groups was found to be insignificant for the other provisions, the difference was found to be significant. It also revealed that awareness of the respondents was tested based on the nature of the job using ANOVA and revealed that the difference was insignificant for penalties, advance payment for tax and delayed payment of income tax, this shows that there is no difference among the respondents employed in private, semi-government and government for these provisions. For the other provisions, the difference was found to be significant. The impact of tax planning was then assessed on the wealth creation using the multiple regression method revealed that Tax Planning has positive impact on wealth creation by 78% which means that there are other factors as well that affect the creation of wealth. The highest out of the selected factors, is planning to increase savings.

*Keywords*— Individual Tax Payers, Tax Awareness, Tax Planning, Wealth Creation & Deductions

## 1. Introduction

The Income tax began in India in the year 1860 by the British Government initially there was a financial crunch so it was introduced for five years so that the financial crunch could be overcome [1]. Later on, the act was revised in the year 1867 in the form of a License Tax, that was on the yearly income of the trades and professions. The Government has a right to impose taxes on individuals and organizations according to the Constitution. The Central Board of Revenue Act is the regulatory authority of the Central Board of Direct Taxes. Planning is not possible without having tax awareness. According to [2] tax awareness is the basic understanding of current tax laws and principles in computing total income tax payments to the government. Tax awareness also influences the efficiency with which the taxes are collected [3]. Tax awareness is having a deep knowledge of various provisions of income tax related to allowances, perks exemptions standard deductions, deductions under Chapter VI A from Section 80 C to 80U, rebates, penalties, tax rates, tax deducted at source, tax collected at source, advance payment

of tax and interest for delayed payment. The government has decided the maximum tax-free limit which is Rs 250000/- per annum currently beyond which if a person earns, he or she is liable to pay tax. Therefore, those who are earning beyond this limit are required to have tax awareness so that they can plan their tax. According to [4] Tax planning is planning in advance of the upcoming future tax burden by an assessee by claiming all the available benefits in the form of deductions, exemptions, allowances and rebates so that tax liability is reduced to a minimum. As per [5] tax planning can only be attained through availing full advantage of all the tax exemptions, deductions, concessions, rebates, reliefs, allowances and other benefits provided by the income tax laws which will lead to reduce the burden. Section 1 of this paper provides an introduction and points out the key issues. Section 2 is related to past literature on the topic. Section 3 is about the objectives and hypothesis of the study. Section 4 is about the detailed steps and the procedure followed and the pattern of data collection. Section 5 is related to the outcomes of the study and the analysis. Section 6 concludes the paper and gives the direction for future studies.

## 1.1 Research Problem

Wealth is the measure of how much a person has in his real estate, investments and cash in hand. When a person does an investment in those alternatives on which tax benefit is available then that action does not save tax only in the long run it will lead to wealth creation. The investment in tax saving schemes is part of tax planning which in turn creates wealth for the tax payers. There are various investments alternatives available in the market the tax payers can invest in any of them but every investment has its pros and cons keeping in view those pros and cons such as rate of return, lock in period, limits of deductions one should invest accordingly. Hence systematic and proper planning will ultimately leads to the creation of wealth for an individual.

## 2. Related Work

The objective of this paper by [6] was to assess the multiple tax saving investment options, to make the comparison in the rate of tax of different tax saving investment options and to find out which instrument is most appropriate for tax saving. The author has applied t-test and revealed the fact that there is no difference between in the return provided by the ELSS mutual funds of public and private sector. The author concluded the paper stating the fact that if a person having a long term prospects for an investment then can select Tata India tax saving fund under ELS scheme it has a track record of 81.91% returns for the period of last 10 years. The primary objective of this paper by [7] was to assess the financial planning of salaried employees as well as to assess their behaviour related to saving and investment & to assess the importance of tax planning in their point of view. The author has collected the data from 190 respondents using the convenience sampling method and revealed the fact that for majority of respondents to invest is just to meet a specific purpose, gold is found to be the most preferable choice among the respondents to invest, salaried employees invest their savings when it is convenient for them, they do not invest according to particular time frame, majority of salaried employees get the information about investment alternatives from their relatives and friend, their relatives and friends are trusted advisors for them. The author concluded the paper by stating the fact that for a successful financial plan, there should be a proper investment plan that saves taxes. The major objectives of this paper by [8] were to assess the awareness level of various tax saving schemes available as per Income Tax Act. The author has collected the data from 126 respondents and revealed the fact that there is no significant association between the level of awareness and the age of asseesee, there is no significant association between level of awareness and the educational qualification of assessee. It has also disclosed that there is no considerable association between level of awareness & occupation of the assessee. The author concluded the paper stating the fact that tax planning is different from person to person it is based on their age, occupation and nature of employment.

The major objectives of this paper by [9] was to assess the tax planning practices adopted by the individual salaried class tax payers of Prayagraj district. The author has collected data

from 31 respondents from Prayagraj city and revealed the fact that huge number of tax payers favour to invest in LIC, PPF, EPF & mutual funds, it has also revealed that 35% of tax payers are unaware about the procedures of filing the income tax return, it has also revealed the male tax payers have more awareness as compare to female. The author concluded the paper stating that young tax payers have least awareness as compare to old age tax payers. The major objective of this paper by [10] is to analyse the relationship between Tax Awareness, Sanctions, and use of E-Filing Systems with the Compliance of taxes. The data were collected using a questionnaire from 400 respondents that were selected using the non-probability sampling method. Researchers observe that tax compliance in Indonesia is low. Pratama Tax Service in Denpasar was the geographical area for this study. The study observes that sanctions are used to improve tax compliance. The relationship of all three variables was found to be positive. The adoption of e filing system can improve compliance. The authors found both internal and external factors as important variables that impact compliance by the taxpayer. Further, they suggest that there is a need to improve awareness and impose penalties so that government revenue through taxes can increase. This study directs towards promoting improved methods for collecting taxes from taxpayers.

The major objectives of this paper by [11] were to evaluate and understand the measures adopted by the salaried class in the Kottayam district, and to assess how the tax planning impacts their investment and saving habits in addition to assess the general opinion of salaried employees regarding Indian tax system. The author has collected the data and the sample size was 100 on that data author has applied correlation, chi-square and ANOVA and the study revealed that most of the respondents invest their money due to safety and some respondents invest due to reliability factors. The study also revealed that 73% of respondents opt to avail the services of a tax consultant sometimes in addition to it reveals that the majority of respondents invest in bank deposits and life insurance policies. This paper also revealed the fact through the application of the ANOVA test that there is a considerable difference in the status of employment and their awareness related to various deductions available under the Income Tax Act, it also revealed that there is no considerable relation in the middle of the amount of savings of respondents and their investment trends. The major objective of this paper [12] was to assess the various deductions available under section 80C of income tax. The author has revealed that for most of the individuals, tax planning is a later affair. But if the individual assessees start to invest at the beginning of the financial year then it will give them maximum returns in future. The author has also explained the various alternatives available in section 80C and the annual yield on them as well as lock-in period up to which assessee should keep that amount invested. The author concluded the paper stating the fact that the government should focus on organizing more awareness programmes to make the assessees well aware of tax-saving instruments.

The major objectives of this paper by [13] was to assess the factors influencing the perception of the tax payers. The

author has collected the data from 80 respondents using a convenience sampling method and through the use of ANOVA, t-test and regression revealed the fact that the majority of tax payers avail the services of the tax consultant, it has also revealed that majority of tax payer save up to 10% of their income, it has also revealed that tax payers take a highest deduction of interest on loan then they claim a deduction for fixed deposits, it has also revealed that majority of tax payers have an opinion that maximum exemption limit should be increased. The author concluded the paper that taxpayers are the backbone of the economy and the government is encouraging people to pay taxes from time to time.

The major objectives of this paper by [14] were to assess occupation and income-wise awareness levels related to various investment options available and to assess is there any considerable association between the income of the tax payer and the choice of investment alternative as well as is there any considerable association between the occupation of the tax payer and the choice of alternative. The author has collected the data from 54 respondents from Delhi. The author through the application of correlation revealed the fact that there is a correlation between the occupation of the tax payer and the level of awareness they have related to tax planning. It has also revealed that there is a significant correlation between the income of the tax payer and the amount invested by him or her in the various investment alternatives available. The author concluded the paper by stating the fact that the service class has a good level of awareness about various investment alternatives whereas the assessee belonging to the business class is very less aware of various investment alternatives.

The author in this paper [15] tries to assess the perception of people based on their generation. The objectives of this paper were to check the awareness of millennial investors about the various provisions of income tax, to check the factors which influence investor perception, and to assess the relationship between demographic factors and the perception of millennial investors towards tax planning. The author took a sample of 60 respondents who were born between 1981 to 1996 and named them as millennial generation. The author took up factors such as gender, investor monthly income, occupation and factors that motivate the investor for invest through the application of Chi-Square test. The author has revealed that gender and occupation have no association towards awareness of tax provisions. The author has also revealed that income has no significant impact on investor interest in choosing any investment. The author at last revealed that there is a significant relationship between the investment made by the investor and factors that motivate the investors. The author concluded that most of the investment decisions made by the investors are based on tax benefits and returns on the investment made. The author in [16] has collected data from 267 respondents the taxpayer of the different streams such as Arts, Commerce and Science. The author through the application of Chi Square test revealed the fact that there is a considerable relationship between the stream of education and tax planning in addition to it budgeting and keeping

financial records has also a significant relationship with tax planning. The author aims to assess the perceptions of individuals towards tax planning and to compare the perception of individuals towards tax planning based on the stream of their education. It also revealed the fact that there is a considerable relationship between gender and tax planning. The author concluded the paper by stating the fact that education will surely develop and expand the learner's knowledge and ability to understand which can be witnessed that educated respondents are keeping proper records and budgets which in turn allows them to do tax planning in proper way.

The objective of the study in [17] was to find out the most appropriate tax saving instrument and to assess the amount saved by using that particular tax instrument. The author in this paper tries to assess the awareness of individuals regarding tax saving instruments mentioned in various sections of Income tax such as 80C, 80D, 80DD, 80DDB, 80E, 80EE, 80G, 80GG, 80TTA, 80TTB, 80U. The author has collected the data from 30 respondents and applied Ranking techniques, Percentage analysis and Chi square analysis. The author revealed the fact that 63% of individuals are aware whereas 37% are unaware of tax saving instruments. The author also revealed the fact that there is no association between gender and the awareness level of individuals about tax planning instruments. The author also revealed the fact that deduction under section 80C is the most adopted deduction by the individual tax payer whereas 80 EE and 80E is the second and third most adopted deduction by the individuals. The author concluded the paper stating the fact that tax planning not only reduces the burden of tax it encourages investment as well.

**Research Gap**
The previous studies specifically focused only on various investment options available to an assessee to save the tax, tax awareness among assessees, strategies to be executed to save the tax, is there any difference in selecting the investment alternative on the basis of income and occupation and the perceptions of the assessees towards tax planning. All these studies primarily focused on the awareness of the assessee but failed to study how tax awareness not only leads to good tax planning but in turn it will create good wealth in the long run as well. This study will focus on how tax awareness and planning impact wealth creation for the assessee.

## 3. Theory (Objectives & Hypothesis)

On the basis of the past literature, this study will focus on the following objectives:

### 3.1 Objectives
1. To assess the individual assessee's tax awareness related to various provisions of income tax.
2. To assess the individual assessee's tax awareness and planning and its impact on wealth creation.

## 3.2 Hypothesis for the study

$H_{01}$:     The individual assessee is not aware about various provisions of income tax.

$H_{11}$:     The individual assessee is aware about various provisions of income tax.

$H_{01a}$:    There is no significant difference in the awareness among individual assesses in different income groups about various provisions of income tax.

$H_{11a}$:    There is a significant difference in the awareness among individual assesses in different income groups about various provisions of income tax.

$H_{01b}$:    There is no significant difference in the awareness among individual assesses about various provisions of income tax according to the nature of the job.

$H_{11b}$:     There is a significant difference in the awareness among individual assesses about various provisions of income tax according to the nature of job.

$H_{02}$:    Tax awareness and planning does not have a positive impact on wealth creation.

$H_{12}$:    Tax awareness and planning have a positive impact on wealth creation.

## 4. Procedure

### Research Methodology

This is a descriptive study for which data were collected from individual assesses related to tax awareness, tax planning and wealth creation. The results were then analysed using statistical techniques.

### 4.1 Sampling Technique & Size

In this study, initially, 100 respondents were selected based on convenience sampling. The sample selection is based on Government, Semi-Government and Private employees. However, the completed filled questionnaires were received from 71 respondents. Hence, a sample size of 71 was taken.

### 4.2 Analysis of data

Descriptive statistics which have their origin in basic mathematics, are simple methods of summarizing data sets [18]. To test the awareness of respondents about the various provisions of the Income Tax Act, descriptive statistics have been used. To test the awareness according to income groups and the nature of job, the researchers have used ANOVA. It is used when the comparison is to be made between the means of more than two groups [19]. It is used to test whether the means of these groups are significantly different [19].

To study the impact of tax planning on the wealth creation of an individual, regression analysis was found to be appropriate. Regression is used to "investigate and model" the relationships between variables [20]. Here, the variables considered were related to tax planning like increasing savings, creating an efficient portfolio, adopting effective investment opportunities, protecting retired life and increasing the standard of living.

### 4.3 Data Collection

The data for this study was collected from the respondents using a questionnaire. Questionnaires if used efficiently, can provide the researchers with high-quality data, with honest answers from the respondents [21]. The questionnaire contained questions about tax awareness, tax planning and wealth creation along with a question about whether they need professional help in managing their taxes. They were also asked for personal details like their annual income, the nature of their job, age and gender. The questionnaire was communicated to them through the online mode.

## 5. Results and Discussion

### 5.1 Demographic profile of the respondents

**Table 1.** Demographic profile of respondents

|  |  | Frequency | Percent | Valid Percent | Cumulative Percentage |
|---|---|---|---|---|---|
| Gender | Male | 43 | 60.6 | 60.6 | 60.6 |
|  | Female | 28 | 39.4 | 39.4 | 100 |
|  | Total | 71 | 100 | 100 |  |
| Age | 21-30 yrs | 13 | 18.3 | 18.3 | 18.3 |
|  | 31-40 yrs | 24 | 33.8 | 33.8 | 52.1 |
|  | 41-50 yrs | 13 | 18.3 | 18.3 | 70.4 |
|  | 51-60 yrs | 8 | 11.3 | 11.3 | 81.7 |
|  | More than 60 yrs | 13 | 18.3 | 18.3 | 100 |
|  | Total | 71 | 100 | 100 |  |
| Qualification | Graduate | 29 | 40.8 | 40.8 | 40.8 |
|  | Post-Graduate | 16 | 22.5 | 22.5 | 63.4 |
|  | Doctorate | 26 | 36.6 | 36.6 | 100 |
|  | Total | 71 | 100 | 100 |  |
| Nature of Job | Private | 30 | 42.3 | 42.3 | 42.3 |
|  | Semi-Government | 11 | 15.5 | 15.5 | 57.7 |
|  | Government | 30 | 42.3 | 42.3 | 100 |
|  | Total | 71 | 100 | 100 |  |
| Annual Income | 2.5 to 5 Lakhs | 15 | 21.1 | 21.1 | 21.1 |
|  | 5 to 7.5 Lakhs | 12 | 16.9 | 16.9 | 38 |
|  | 7.5 to 10.00 Lakhs | 8 | 11.3 | 11.3 | 49.3 |
|  | 10.00 to 12.5 Lakhs | 14 | 19.7 | 19.7 | 69 |
|  | 12.5 to 15.00 Lakhs | 8 | 11.3 | 11.3 | 80.3 |

| | | | | |
|---|---|---|---|---|
| 15.00 to 20.00 Lakhs | 14 | 19.7 | 19.7 | 100 |
| Total | 71 | 100 | 100 | |

*Sources: Primary data*

Out of the 71 respondents, 43 (60.6%) were males and 28 (39.4%) were females. 33.8% of the respondents were in the age group of 31-40 years (33.8%). 41-50 years and 21-30 years age groups had 18.3% respondents each. N= 29 were graduates while 26 out of them were doctorate. Most of them (N=15) had an annual income between 2.5 lakhs to 5.00 lakhs. The demographics of respondents according to frequencies have been presented graphically.

## 5.2 Tax Awareness
Tax awareness was tested using descriptive statistics. This involved calculation of range, mean, standard deviation and variance for individual statements related to taxable, partly taxable and tax free allowances, related to taxable and tax-free perks, deductions, Rebates and reliefs, penalties and slabs.

**Table 2.** Descriptive Statistics of the Sample

| Descriptive Statistics | | | | | | |
|---|---|---|---|---|---|---|
| | N | Range | Mean | | Std. Deviation | Variance |
| | Statistic | Statistic | Statistic | Std. Error | Statistic | Statistic |
| I have awareness related to various taxable, partly taxable and tax free allowances | 71 | 4 | 3.75 | 0.185 | 1.556 | 2.421 |
| I have awareness related to various taxable and tax free perks | 71 | 4 | 2.9 | 0.176 | 1.485 | 2.204 |
| I have awareness related to Standard Deductions | 71 | 4 | 3.51 | 0.171 | 1.443 | 2.082 |
| I have awareness related to deduction under chapter vi from Section 80C to 80U | 71 | 4 | 4.56 | 0.104 | 0.874 | 0.764 |
| I have awareness about Rebates and Reliefs | 71 | 4 | 3.73 | 0.155 | 1.309 | 1.713 |
| I have awareness about various penalties | 71 | 4 | 1.7 | 0.101 | 0.852 | 0.726 |
| I have awareness about different slab and tax rates | 71 | 4 | 4.1 | 0.148 | 1.244 | 1.547 |
| I have awareness about provisions related to TDS | 71 | 4 | 3.41 | 0.17 | 1.43 | 2.045 |
| I have awareness about provisions related to Advance Payment of Tax | 71 | 4 | 1.87 | 0.122 | 1.027 | 1.055 |
| I have awareness related to interest on delayed payment of income tax | 71 | 4 | 1.75 | 0.116 | 0.982 | 0.963 |
| Valid N (listwise) | 71 | | | | | |

The awareness was tested for 71 respondents the mean of awareness was highest (Mean = 4.56) for awareness related to deductions from Section 80C to 80U.

The average awareness was found to be minimum for various penalties (Mean=1.70) followed by awareness for interest on delayed payment of income tax (Mean =1.75). The Standard Deviation was highest (S.D = 1.556) for awareness related to various taxable, partly taxable and tax free allowances. It was the least for deductions from Section 80C to 80U.

## 5.3 Awareness According to Annual Income
Since the respondents lie in different groups of annual income, their awareness based on annual income was tested using ANOVA. ANOVA splits the variables into different parts, which add up to show the total variance [22].

**Table 3.** ANOVA for Annual Income

| ANOVA | | | | | | |
|---|---|---|---|---|---|---|
| | | Sum of Squares | df | Mean Square | F | Sig. |
| I have awareness related to various taxable, partly taxable and tax free allowances | Between Groups | 118.168 | 5 | 23.634 | 29.963 | 0 |
| | Within Groups | 51.269 | 65 | 0.789 | | |
| | Total | 169.437 | 70 | | | |
| I have awareness related to various taxable and tax free perks | Between Groups | 74.392 | 5 | 14.878 | 12.101 | 0 |
| | Within Groups | 79.918 | 65 | 1.23 | | |
| | Total | 154.31 | 70 | | | |
| I have awareness related to Standard Deductions | Between Groups | 68.568 | 5 | 13.714 | 11.55 | 0 |
| | Within Groups | 77.179 | 65 | 1.187 | | |
| | Total | 145.746 | 70 | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| I have awareness related to deduction under chapter vi from Section 80C to 80U | Between Groups | 25.805 | 5 | 5.161 | 12.128 | 0 |
| | Within Groups | 27.66 | 65 | 0.426 | | |
| | Total | 53.465 | 70 | | | |
| I have awareness about Rebates and Reliefs | Between Groups | 32.48 | 5 | 6.496 | 4.829 | 0.001 |
| | Within Groups | 87.436 | 65 | 1.345 | | |
| | Total | 119.915 | 70 | | | |
| I have awareness about various penalties | Between Groups | 10.442 | 5 | 2.088 | 3.365 | 0.009 |
| | Within Groups | 40.346 | 65 | 0.621 | | |
| | Total | 50.789 | 70 | | | |
| I have awareness about different slab and tax rates | Between Groups | 69.588 | 5 | 13.918 | 23.363 | 0 |
| | Within Groups | 38.721 | 65 | 0.596 | | |
| | Total | 108.31 | 70 | | | |
| I have awareness about provisions related to TDS | Between Groups | 63.541 | 5 | 12.708 | 10.375 | 0 |
| | Within Groups | 79.614 | 65 | 1.225 | | |
| | Total | 143.155 | 70 | | | |
| I have awareness about provisions related to Advance Payment of Tax | Between Groups | 7.537 | 5 | 1.507 | 1.477 | 0.209 |
| | Within Groups | 66.323 | 65 | 1.02 | | |
| | Total | 73.859 | 70 | | | |
| I have awareness related to interest on delayed payment of income tax | Between Groups | 11.638 | 5 | 2.328 | 2.711 | 0.028 |
| | Within Groups | 55.799 | 65 | 0.858 | | |
| | Total | 67.437 | 70 | | | |

The awareness related to selected provisions of the Income Tax Act was tested based on the annual income of the respondents (N=71). The awareness related to advance payment of tax according to the income groups was found to be insignificant (p=0.209). For the other provisions, the difference was found to be significant.

## 5.4 Awareness according to the Nature of Job

**Table 4.** ANOVA for the Nature of Job

| ANOVA | | | | | | |
|---|---|---|---|---|---|---|
| | | Sum of Squares | df | Mean Square | F | Sig. |
| I have awareness related to various taxable, partly taxable and tax free allowances | Between Groups | 76.576 | 2 | 38.288 | 28.038 | 0 |
| | Within Groups | 92.861 | 68 | 1.366 | | |
| | Total | 169.437 | 70 | | | |
| I have awareness related to various taxable and tax free perks | Between Groups | 45.695 | 2 | 22.847 | 14.304 | 0 |
| | Within Groups | 108.615 | 68 | 1.597 | | |
| | Total | 154.31 | 70 | | | |
| I have awareness related to Standard Deductions | Between Groups | 32.898 | 2 | 16.449 | 9.912 | 0 |
| | Within Groups | 112.848 | 68 | 1.66 | | |
| | Total | 145.746 | 70 | | | |
| I have awareness related to deduction under chapter vi from Section 80C to 80U | Between Groups | 9.662 | 2 | 4.831 | 7.499 | 0.001 |
| | Within Groups | 43.803 | 68 | 0.644 | | |
| | Total | 53.465 | 70 | | | |
| I have awareness about Rebates and Reliefs | Between Groups | 13.046 | 2 | 6.523 | 4.15 | 0.02 |
| | Within Groups | 106.87 | 68 | 1.572 | | |
| | Total | 119.915 | 70 | | | |
| I have awareness about various penalties | Between Groups | 0.813 | 2 | 0.406 | 0.553 | 0.578 |
| | Within Groups | 49.976 | 68 | 0.735 | | |
| | Total | 50.789 | 70 | | | |
| I have awareness about different slab and tax rates | Between Groups | 28.316 | 2 | 14.158 | 12.035 | 0 |
| | Within Groups | 79.994 | 68 | 1.176 | | |
| | Total | 108.31 | 70 | | | |
| I have awareness about provisions related to TDS | Between Groups | 52.294 | 2 | 26.147 | 19.569 | 0 |
| | Within Groups | 90.861 | 68 | 1.336 | | |
| | Total | 143.155 | 70 | | | |
| I have awareness about provisions related to Advance Payment of Tax | Between Groups | 0.856 | 2 | 0.428 | 0.399 | 0.673 |
| | Within Groups | 73.003 | 68 | 1.074 | | |
| | Total | 73.859 | 70 | | | |
| I have awareness related to interest on delayed payment of income tax | Between Groups | 2.894 | 2 | 1.447 | 1.525 | 0.225 |
| | Within Groups | 64.542 | 68 | 0.949 | | |
| | Total | 67.437 | 70 | | | |

The awareness of the respondents was tested based on the nature of the job using ANOVA. The results depicted that the difference was insignificant for penalties, advance payment for tax and delayed payment of income tax ($p>.05$). this shows that there is no difference among the respondents employed in private, semi-government and government for these provisions. For the other provisions, the difference was found to be significant.

## 5.5  Impact of tax planning on wealth creation of the individual assesses

**Table 5.** Regression Analysis

| Model Summary | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .885[a] | 0.783 | 0.766 | 0.402 |

a. Predictors: (Constant), I do Tax Planning to increase my standard of living, I do Tax Planning to increase wealth which in turn protect retired life, I do Tax Planning to enhance adoption of effective investment opportunity, I do tax planning to increase my savings, I do tax planning to create an efficient portfolio

| ANOVAa | | | | | |
|---|---|---|---|---|---|
| Model | Sum of Squares | df | Mean Square | F | Sig. |
| 1   Regression | 37.875 | 5 | 7.575 | 46.805 | .000[b] |
| 1   Residual | 10.52 | 65 | 0.162 | | |
| 1   Total | 48.394 | 70 | | | |

a. Dependent Variable: Proper tax planning has led to result in wealth creation

b. Predictors: (Constant), I do Tax Planning to increase my standard of living, I do Tax Planning to increase wealth which in turn protect retired life, I do Tax Planning to enhance the adoption    of effective investment opportunity, I do tax planning to increase my savings, I do tax planning to create an efficient portfolio

| Coefficients_a | | | | | |
|---|---|---|---|---|---|
| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | B | Std. Error | Beta | | |
| (Constant) | 0.189 | 0.3 | | -0.63 | 0.531 |
| I do tax planning to increase my savings | 0.528 | 0.134 | 0.477 | 3.942 | 0 |
| I do tax planning to create an efficient portfolio | 0.301 | 0.137 | -0.327 | -2.198 | 0.032 |
| I do Tax Planning to enhance adoption of effective investment opportunity | 0.436 | 0.1 | 0.418 | 4.374 | 0 |
| I do Tax Planning to increase wealth which in turn protect retired life | 0.32 | 0.094 | 0.343 | 3.393 | 0.001 |
| I do Tax Planning to increase my standard of living | 0.138 | 0.063 | 0.138 | 2.191 | 0.032 |

a. Dependent Variable: Proper tax planning has led to result in wealth creation

The impact of tax planning was then assessed on the wealth creation using the multiple regression method. The results of the test show $R^2$ to be .783 which is a good fit [22].

The regression equation thus formed
Wealth Creation =.189+  .528 Planning to increase savings+.301 planning to create efficient portfolio +0436enhance adoption of effective investment opportunity + .320 increase wealth which in turn protects retired life + .138

Planning to increase the standard of living these factors together impacts wealth creation by 78% which means that there are other factors as well that affect the creation of wealth. The highest out of the selected factors is planning to increase savings.
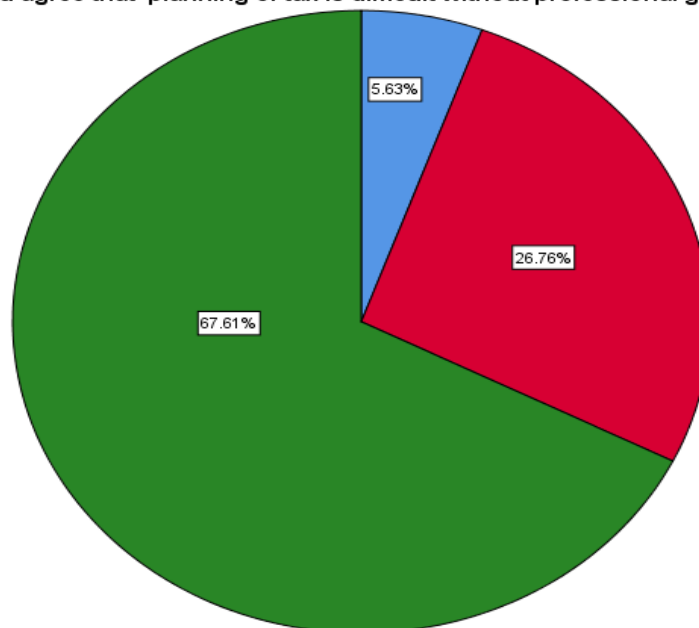
**Figure 1.** Need for professional guidance

**5.6 Need for professional**

The respondents were also asked about the need for professional guidance in tax planning. The results show that 67.61% agreed that $H_{01a}$: There is no awareness among the individual assessee in different income groups about the various provisions of income tax. the guidance was needed. 26.76% were neutral about it while the remaining 5.63% of the respondents plan their taxes by themselves.

# 6. Conclusion and Future Scope

Based on the analysis of data collected from the respondents, the results of hypothesis testing can be summarised as follows:

Conclusion: The null hypothesis was accepted for tax payment according to the income groups (p=0.209). For other provisions, the null hypothesis was rejected.

$H_{01b}$: There is no awareness among the individual assessee about the various provisions of income tax according to the nature of job.

Conclusion: Null hypothesis rejected except for penalties, advance payment for tax and delayed payment of income tax (p>.05).

$H_{02}$: Tax awareness and planning does not have a positive impact on wealth creation.

Conclusion: Null hypothesis was rejected as for all the statements related to tax planning were found to have an impact on wealth creation.

Indians do believe that tax planning leads to wealth creation. However, there is the existence of gaps in the implementation of tax planning. For instance, people still lack basic financial knowledge, they prefer to hoard cash rather than invest and do not give much relevance to retirement planning [23]. Further, there are differences in awareness about the various provisions of the Income Tax Act. While males were found to

be more aware, the degree of it was a little low in women. All the respondents agree that making proper tax planning decisions will lead to the growth of their wealth. The study also found that guidance from a professional is a must in planning taxes.

**Data Availability**

The data used are available in the manuscript and with the authors

**Conflict of Interest**

There is no Conflict of Interest

**Authors' Contributions**

Both the authors were equally involved at each and every step of this study

# References

[1]  R Vasanthi, "A Study on Tax Planning Pattern of Salaried Assessee" *Research Journal of Finance and Accounting,* Vol.**6,** Issue.**1**, **2015.**

[2]  Sarfaraj I Mansuri, Yagnesh Mohan Dalvadi "Tax Awareness and Tax Planning Among Individual Assessee: A Study" *A Journal of Radix International Educational and Research Consortium*, **2012.**

[3]  Yousuf Nasser Amur Alsarmi, Essia Ries Ahemed, "Determinants of Efficiency of Tax's Collection in Oman", *JABE (Journal of*

*Accounting and Business Education)*, Vol.**7,** Issue.**1**, pp.**59-71, 2022.**

[4]  Ledid Bin Abdul Khader. "Tax Planning Among College Teachers, With Special Reference to MES Ponnani College". *Intercontinental Journal Of Finance Research* Review Issn: 2321-0354 Online Issn:2347- 1654-Print - Impact Factor: 4.236 Vol. **5**, Issue. **2, 2017.**

[5]  Geetha, "Study of Tax Planning Measures adopted by the Salaried Class in Kerala"*, Ph.D Thesis Mahatma Gandhi University,* Kottayam **2014.**

[6]  Meghna Jain, "Analysis of different investment options available for tax saving" *Journal of Corporate Finance Management and Banking System,* Vol.**3***,* Issue.**1**, pp.**35-41, 2022.**

[7]  Shaikh M.,  Shaikh A., "A study on financial planning for salaried employees and strategies for tax savings". *Allana Management Journal of Research,* Vol.**11**, Issue.1, pp.**1-7, 2021***.*

[8]  N Sravanti, L Anitha, "Awareness of tax saving schemes among salaried employees". *International Journal of Business Management and Technology,* Vol.**5***,* Issue.**5**, pp.**1-4, 2021.**

[9]  Saheb Dubey, "Analyzing tax planning practices among salaried taxpayers with special reference to Prayagraj". *International Journal of Applied Social Science,* Vol.**8***,* pp.**249-253, 2021.**

[10]  NPIP Indah, Putu Ery Setiawan, "The effect of tax awareness, taxation sanctions, and application of e-filing systems in compliance with personal taxpayer obligations". *American Journal of Humanities and Social Sciences Research,* Vol.**4***,* Issue.**3***,* pp.**440-446, 2020.**

[11]  G.S. Sumesh, "Awareness and perceptions regarding tax planning options among salaried people". *Mukt Shabd Journal,* Vol. **9***,* Issue.**4**, pp.**513-523, 2020.**

[12]  Tejaswini Sahoo, "Tax saving investment under section 80c of income tax Act.". *International Journal of Research Culture Society,* Vol.**4***,* Issue.**3***,* pp.**40-43, 2020.**

[13]  William Robert., Abhinash, "A study on income tax deduction and opinion in India". *Journal of Contemporary Issues in Business and Government,* Vol.**26***,* Issue.**2***,* pp.**1048-1054, 2020.**

[14]  Manish Kumar, Narender Tanwar, "Impact of income and occupation on selection of tax saving instruments". *Journal of Emerging Technologies and Innovative Research,* Vol.**6***,* Issue.**5,** pp.**1052-1065, 2019.**

[15]  M Suvarchala Rani, Kavitha Lal, "Generational differences in perception towards tax planning". *International Journal of Advance and Innovative Research,* Vol.6, Issue.1, pp.**107-110, 2019.**

[16]  Sachin Pimple, Kishor Peshori, "An empirical study on perceptions towards tax planning among youth". *International Journal of Innovative Science and Research Technology,* (MMK : ACE - 2019), pp.**9-12, 2019.**

[17]  P. Suchithra, C. Vidhya, "A study on the awareness of tax saving instruments of individual tax payers". *International Journal of Scientific & Engineering Research,* Vol.**10,** Issue.**3**, pp.**91-101, 2019.**

[18]  Yihang Dong, "Descriptive Statistics and its applications". *Highlights in Science, Engineering and Technology*, Vol.**47***,* pp.**16-23, 2023.**

[19]  Hassan, "Analysis of Variance (ANOVA)*"*, **2024.**

[20]  Douglas C Montgomery, Elizabeth A. Peck, G. Geoffrey Vining, "Introduction to linear regression analysis*"*. John Wiley & Son, **2021.**

[21]  Gill Marshall, "The purpose, design and administration of a questionnaire for data collection",*. Radiography*, Vol.**11***,* Issue.**2***,* pp.**131-136, 2005.**

[22]  John Bacon-Shone, "Introduction to quantitative research methods*"*. Graduate School, The University of Hong Kong. **2013.**

[23]  Sanjeev Govila, "Wealth creation is not a magic, make sure it happens by method" **2023.**

**AUTHOR'S PROFILE**

**Mr. Avinash Totlani** earned his B.Com and M.Com degree from Maharshi Dayanand Saraswati University Ajmer. Currently, he is a Research Scholar pursuing a Ph.D from the Department of Accountancy & Business Statistics University College of Commerce & Management Studies Mohanlal Sukhadia University Udaipur. His main research work focuses on Tax Awareness, Perceptions & Tax Planning.

**Dr. Asha Sharma** is an Assistant Professor in the Department of Accountancy and Business Statistics at Mohanlal Sukhadia University, Udaipur. She is the Convener of Bachelor of Vocation (Accounting, Taxation, and Auditing) and Master of Vocation (Accounting, Taxation, and Auditing). She has contributed more than 90 research papers to reputed international and national journals. She is a Member of the editorial advisory boards and reviewer of many journals. She held many administrative posts like Assistant Dean of Student Welfare, NSS Officer, and Convener-Alumni Association.