



ORIGINAL RESEARCH PAPER

Management

INCOME TAX AWARENESS AMONG COLLEGE TEACHERS IN KANNUR DISTRICT (KERALA)

KEY WORDS: Assessee, Assessment year, previous year, Tax liability, Tax relief, Tax avoidance, Tax evasion

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ABSTRACT

An income tax is a tax that governments levied on financial income generated by all individuals and entities within their jurisdiction. The knowledge about tax is essential for the citizens in a voluntary compliance tax system, for determining accurate tax liability. Most of assesses employ tax professionals to compute tax because of the lack of tax knowledge based on the complexity of the current tax law, a desire to minimize the tax their tax liability and their fear of making a mistake and being penalized. By sufficient knowledge about taxation, one can know the items that can be claimed for tax reliefs and exemption given by the government of a country and can compute the tax rates accurately based on the country's tax rate schedule. The primary objective of this paper is to assess the income tax awareness among college teachers, since they are one of the high incomes earning class in our country who pay regular tax for their income. Although a general knowledge of the taxation system was displayed by most taxpayers, specific tax knowledge was still limited.

INTRODUCTION

Tax is a compulsory extraction and major source of revenue for the Government. A government can function properly only if it has adequate revenue. The developmental requirements of society, social welfare measures, modernization of the governmental services, etc. require huge amount of money. Therefore it is the right of the government to levy tax. Income tax is a direct tax and it is charged on the income of the assessee. It is levied in every assessment years in respect of the income of the previous years. It is collected by the central government. Being a citizen of India, it is our duty to pay tax. But payment of tax is a tedious work for most of the tax payers because of lack of knowledge about taxation law and tax payment process. To reduce their tax burden legally the assessee must be aware about tax planning measures and various tax saving schemes. Tax planning is neither the evasion of tax nor tax avoidance. It is the scientific planning of one's financial situation in such a way as to minimize the tax liability or postponement of the tax liability for the subsequent period by availing of various deductions, rebates and reliefs. The exemptions, deductions, rebates and relief have been provided by the legislature encourage savings and investments for the economic development of the country. Tax planning requires up to date knowledge of the statute law and also court judgments regarding various aspects regarding income tax.

REVIEW OF LITERATURE

A large number of studies have been conducted covering different aspects of income tax structure such as personal income tax, capital gain taxation, agricultural taxation etc. Over the years. A brief review of relevant studies in this regard is given below:

1. Indian taxation enquiry committee (1924) recommended that the loss sustained in one year should be allowed to carry forward and set off in the subsequent year. The income of married couple should be taxed at the rates applicable to their aggregate income.
2. Taxation enquiry commission headed by John Matthai was set up to review the tax structure in India. It recommended widening the tax structure both at the central and state level for the purpose of financing development outlay and reducing large inequalities of income.
3. Kaldor (1956) found that prevailing taxation system in India at that time was inefficient and inequitable. He recommended the introduction of an annual tax on wealth, taxation of capital gains, gift tax etc.
4. Ambirijan (1961) opined that Indian corporate tax rates were very high as compared to even many underdeveloped countries. The study concluded that there was an urgent need of tax reforms.
5. Boothalingam (1968) recommended to abolish the classification of income under various heads for determination of total income

and to allow setting off losses against any kind of income.

6. Singh (1971) examined depreciation provision under the income tax act with special reference to their impact on corporate financial decisions. He pointed out that sound depreciation policy could be adopted by the corporate to minimize tax liability.

7. Aggarwal (1971) analyzed the impact of corporate taxes on retained profits of a concern and performance of corporate sector in India.

8. Direct tax enquiry committee (1971) was appointed by govt of India under the chairmanship of Justice KN Wanchoo to recommend measures for black money, checking tax evasion and reducing tax arrears. The committee was of the opinion that high tax rates, controls and licenses in the economy etc were the main cause responsible for tax evasion.

8. Jhaveri (1972) tried to analyze the impact of income tax concessions on post tax income from different financial assets eligible for such concession.

SIGNIFICANCE OF THE STUDY

The central government permits different tax saving schemes and tax saving payment. Assesses can invest their income in various tax saving schemes and also make tax saving payments. It is doubtful whether college teachers are aware about these benefits. No serious studies have been conducted among college teachers basis relating to the tax awareness. Therefore the present study titled 'Income Tax Awareness among College Teachers- A study at Kannur District' is an attempt analysis and evaluates the awareness among College teachers relating to income tax. The findings of the report will be useful to all assesses.

OBJECTIVES OF THE STUDY

- To evaluate the awareness of college teachers regarding various tax saving schemes.
- To examine the awareness of college teachers about the tax saving payments.
- To examine the awareness of assesses about the procedure of income tax assessment.

METHODOLOGY

The present study 'Income Tax Awareness among college Teachers' has been designed as an analytical and descriptive one. Primary data has been collected from college teachers with the help of interview schedule. For collecting primary data 80 college teachers were selected from various colleges in Kannur District. For choosing 80 respondents convenience sampling technique has been used. For preparing the report primary data were processed and analysed manually. And the collected data was analysed by using percentages.

DATA ANALYSIS AND INTERPRETATION

Table 1
CLASSIFICATION ON THE BASIS OF AVERAGE MONTHLY INCOME

Average monthly income	No.of respondents	Percentage
Less than 40000	6	8
40,000-100000	63	79
Above 100000	11	13
Total	80	100

Source: Field Survey

The study shows that the majority of respondents have the average monthly income of Rs 40000 to Rs 100000.

PARTICIPATION IN TAX AWARENESS PROGRAMME

Table 2

Response	No.of respondents	Percentage
Yes	22	28
No	58	72
Total	80	100

Source: Field Survey

The study shows that the majority of respondents did not attend any training or awareness programme connected with income tax.

SELF PREPARATION OF INCOME TAX RETURN

Table 3

RESPONSE	NO. OF RESPONDENTS	PERCENTAGE
Yes	26	33
No	54	67
Total	80	100

Source: Field Survey

The study reveals that 49 percent of respondents can prepare income tax return by themselves. 51 percent of respondents cannot prepare income tax return by themselves.

MODE OF SUBMISSION OF INCOME TAX RETURN

Table 4

Response	No. of respondents	Percentage
Online	65	81
Manually	15	19
Total	80	100

Source: Field Survey

The study shows that the majority of respondent submit income tax return by online.

AWARENESS ABOUT THE ONLINE SUBMISSION OF INCOME TAX RETURN

Table 5

Response	No. of respondents	Percentage
Yes	19	24
No	61	76
Total	80	100

Source: Field Survey

The study shows that the majority of respondents submit the income tax return through online with the help of others.

AWARENESS ABOUT INCOME TAX SLAB RATE

Table 6

Response	No. of respondents	Percentage
Yes	67	84
No	13	16
Total	80	100

Source: Field Survey

The study shows that the majority of respondents know the present income tax slab rate.

AWARENESS ABOUT THE PRESENT INVESTMENT LIMIT AS PER SEC.80C

Table 7

Response	No. of respondents	Percentage
Yes	74	93
No	6	7
Total	80	100

Source: Field Survey

The analysis shows that the majority of respondents know about the present investment limit as per sec.80C

KNOWLEDGE ABOUT THE RELIEF CALCULATION

Table 8

Response	No. of respondents	Percentage
Yes	15	19
No	65	81
Total	80	100

Source: Field Survey

The study shows that the majority of respondents do not know how to calculate income tax relief connected with arrear salary

AWARENESS ABOUT LIC PREMIUM

Table 9

Category	No. of respondents	Percentage
Fully aware	80	100
Partly aware	0	0
Unaware	0	0
Total	80	100

Source: Field Survey

The study shows that 100 percent of respondents are fully aware about income tax benefit of LIC premium remittance and none of the respondents are unaware about it.

AWARENESS ABOUT INTEREST ON EDUCATION LOAN

Table 11

Category	No.of respondents	Percentage
Fully aware	64	80
Partly aware	10	13
Unaware	6	7
Total	80	100

Source: Field Survey

Majority of respondents are fully aware about this.

AWARENESS ABOUT TREATMENT OF HANDICAPPED DEPENDENCE

Majority of respondents are unaware about the tax benefit connected with the treatment of handicapped dependence.

Table 12

Category	No. of respondent	Percentage
Fully aware	9	11
Partly aware	11	14
Unaware	60	75
Total	80	100

Source: Field Survey

AWARENESS ABOUT INTEREST ON HOUSING LOAN

Table 13

Category	No. of respondents	Percentage
Fully aware	38	47
Partly aware	27	34
Unaware	15	19
Total	80	100

Source: Field Survey

Majority of respondents are fully aware about this.

AWARENESS ABOUT TUITION FEE FOR CHILDREN

Table 14

Category	No. of respondents	Percentage
Fully aware	32	40
Partly aware	14	18
Unaware	34	42
Total	80	100

Source: Field Survey

Majority of respondents are unaware about the tax benefit of tuition fee for children.

Table 15

AWARENESS ABOUT DONATION TO CHARITABLE SOCIETY

Category	No. of respondents	Percentage
Fully aware	23	29
Partly aware	19	24
Unaware	38	47
Total	80	100

Source: Field Survey

Majority of the respondents are unaware about this

OPINION ABOUT RULES AND REGULATIONS OF INCOME TAX

Table 16

Category	No. of respondents	Percentage
Rigid rules	67	84
Simple rules	13	16
Total	80	100

Source: Field Survey

As per the study, 84 percent of respondents think that income tax rules and regulations are tough in our country. 16 percent of respondents disagree with the opinion.

MAJOR FINDINGS OF THE STUDY

- The study reveals that majority of the respondents have their average monthly income between Rs.40000 and 100000.
- Among the 80 respondents only 28percent of the respondents were attended the tax awareness programme.
- As per the study 33 percent of respondents can prepare income tax return by themselves.

- Among the 80 respondents, 24 percent of respondents are submitting income tax return by online.
- The study reveals that 76 percent of respondents are unaware about the online submission of income tax return and hence they seek the help of others.
- As per the study 84 percent of respondents are fully aware about income tax slab rate during the financial year 2015-2016.
- Out of 80 respondents, 93 percent of respondents are aware about the present investment limit as per section 80C.
- Among the 80 respondents 19 percent of respondents have the knowledge about the relief connected with arrear salary..
- As per the study majority of respondents (99 percent) are fully aware about the tax benefit of LIC premium..
- As per the study, 64 percent respondents are fully aware about the tax benefit of interest on education loan.
- As per the study, 75 percent of respondents are unaware about the income tax benefit connected with the treatment of handicapped dependent.
- The study reveals that 47 percent of respondents are fully aware about the tax benefit of interest on housing loan.
- Out of 80 respondents, 42 percent of respondents are unaware about the tax benefit of tuition fee for children.
- Among the 80 respondents, 47 percent of respondents unaware about the tax benefit of making donation to charitable society.
- Majority of the college teachers think that income tax rules and regulations are tough in our country.

SUGGESTIONS

- The tax payers are not well aware about the tax benefit connected with tax saving schemes and tax payment schemes. The central government should provide income tax awareness about the benefit connected with tax saving schemes and tax saving payment.
- The central government should simplify the rules and regulations connected with income tax.
- Majority of the tax payers are not able to file income tax return by online and without the help of others. So steps should be taken to make aware about online payment system.

CONCLUSION

Tax is a compulsory extraction of money from the public by the authorities. The knowledge about tax is essential for the citizens in a voluntary compliance tax system, for determining accurate tax liability. Analysis showed that a general knowledge of the taxation system was displayed by most of the college teachers, specific tax knowledge was still limited. Most of them submit return with the help of others. Some of the respondents are unaware about various tax saving schemes and tax saving payments. The study also identify that majority of respondents did not attend any training/awareness programme conducted by authority. Hence it will be better if government simplifies the rules and regulations connected with income tax and provide income tax awareness to assessee.

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