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## **Tax Planning and Investment Pattern of Academicians: A Study of Educational Institutions in Bengaluru**

*Pallavi V\* and Anuradha P S\*\**

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### **ABSTRACT**

*Tax planning involves an efficient application of various provisions and loopholes of tax laws to reduce the incidence of tax and tax burden of an assessee. This research paper aims at studying the investment pattern and the awareness of various tax planning schemes available for investment for academicians. Structured questionnaire was used to collect the data and 385 respondents were selected for the study by adopting stratified sampling technique from private educational institutions across the city of Bengaluru. The study revealed that the level of awareness among the academicians on various tax saving schemes is low and personal factors influence the investment decisions. Further, bank deposits are preferred investment avenues.*

**Keywords:** *Tax planning; Tax avoidance; Investment decisions; Tax deductions; Academicians; Tax knowledge.*

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### **1.0 Introduction**

Tax planning involves an efficient application of various provisions and loopholes of direct tax laws to reduce the incidence of tax and tax burden of an assessee. A thorough understanding of various principles, practices and procedures of tax laws and the ability to apply the same in the real life situation is therefore required. Based on the tax benefit received by the tax payer tax planning can be divided into two types: short range tax planning and long range tax planning. The benefit which is enjoyed for more than a year is classified under the head long range tax planning. This act of long range tax planning is more beneficial for tax payers as well as the government. Short range tax planning provides instant tax benefit but the future benefit and long range benefit is provided by the long term tax planning.

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*\*Corresponding author: MPhil Research Scholar, Christ University, Bengaluru, Karnataka, India. (Email: vpallavi758@gmail.com)*

*\*\*Associate professor, Christ University, Bengaluru, Karnataka, India. (Email: anuradha.ps@christuniversity.in)*

Tax planning is efficiently implemented only when the implementer is completely aware about the various provisions of the income tax act 1961, the allowances, perquisites, deductions available to various tax payers under the section 10 and section 80C to 80U preferably for an individual salaried tax payer. By being aware about the tax laws and provisions Tax planning can be efficiently done. Tax laws will educate and help people in calculating their tax liability and reducing their tax burden by making wise investment decisions. But in the present scenario of tax payers the level of awareness is very low as there are frequent changes in tax laws, compliance procedures, complexity to understand the taxation language by a common man who has zero knowledge about tax system. Therefore it becomes necessary to have an up - to - date knowledge not only of the political, civil, criminal, and other statutory laws, but also the verdicts given by judiciary in various instances.

As discussed earlier, tax planning is very much important and will help in increasing the disposable income in the hands of the tax payer by decreasing the incidence of tax. In order to exercise the best approach to tax planning one must have thorough and up to date information about various tax provisions, deductions, exemptions and allowances available to the tax payer as per the Indian Income Act 1961. The key issue is awareness about the income tax provisions as well as awareness about investment opportunities. The salaried class of tax payers are prompt in meeting their tax obligations. The major problem faced by salaried employees is that the lack of awareness about the income tax provisions as well as about investment opportunities due to this, they land up paying high amount of tax and will be left with very less amount after paying tax to save and invest. The users are not aware about the benefit of paying income tax, most of them have gone into the habit of evading tax rather than planning the same. The cost of approaching a tax consultant to plan the tax is very high which is not affordable by most of the individual assesses.

Due to increased rate of tax avoidance and evasion in the country, the government treasury is facing insufficient balance. Only 1.9 crore Indians pay taxes but in comparison to last decade the tax revenue is increased and the number of tax payers is decreased for the year 2014-15. Salaried class of tax payers are obedient in paying taxes hence in order to help them reduce their tax burden efficiently and effectively it is very much necessary to assess their knowledge about tax planning and create an awareness and help them to reduce their tax liability.

The study is aimed at achieving the following objectives:

- To determine existing pattern of investment, the level of awareness of academicians on various tax planning schemes and its impact on their investment preferences.
- To study the approach of academicians towards tax planning.

## 2.0 Review of Literature

Achar (2012) analysed saving and investment behaviour of teachers. The factors that determined the investment behaviour of teaching community were age, gender, marital status, and lifestyle, monthly family income, and family life cycle stage and upbringing status of individuals. The study conducted by Bhardwaj, Sharma and Sharma (2013), aimed at analysing the investment behaviour of the employees of Bahra University, Solan District. It was found that the teaching fraternity is mostly unaware about the investment opportunities in stock market and other financial securities and they preferred to invest in bank deposits.

Srividhya and Visalakshi (2013) aimed to find the relationship between the saving and investment pattern of college teachers and the following factors influence the financial decisions of investors return earning capacity of the preferred investment, annual income of the teachers, and the amount of saving per annum. According to Vasagadekar (2014), due to poor level of awareness among working women in Pune they make poor portfolio investment decisions. The respondents in the study were financial illiterates. Umamaheswari and Ashok Kumar (2014), tried to explore the investment attitude of the salaried class towards investments and the results presented limited awareness about the investment avenues, hence suggests creation of awareness among the respondents.

The research conducted by Thulasipriya (2014), aimed to find the saving pattern and investment preferences of households, education level, age number of dependents in the family etc. are the factors influencing investment decisions and the main purpose for saving is to secure the family from future contingencies, for children education and marriages. Rajeswari (2014) analysed the awareness level and preferred investment of investors in this study and it was found that bank deposits are preferred over investment avenues due to low risk and safety of funds.

Sood and Kaur (2015), aimed at studying the saving and investment pattern of salaried people in Chandigarh. The main motives for saving and investment are children's marriage and education, retirement plans. An attempt is made by Sathiyamoorthy & Krishnamurthy (2015) to study the investment pattern and awareness of salaried class investors in Tiruvannamalai district of Tamil Nadu. The demographic factors such as education level, age of investors, and number of family members influence the investment decisions. The preferred investment avenues are bank deposits, insurance policy, government schemes. Shukla (2016) analysed the preference of investors towards various investment avenues. The study disclose that the salaried investors prefer to invest in those avenues which provide security to their investments

such as fixed deposits and post office saving schemes and in traditional avenues such as gold, silver and precious stones. The two major factors along with personal factors of the investors that influence their investment decisions are financial responsibilities and accumulation of wealth for future.

A study conducted by Totala (2016) aimed at finding investment preferences of salaried persons of Indore. It is found that the investment is made in traditional schemes more when compared with other financial securities. The researcher suggested that there must be an awareness created through the curriculum of investment. Kani (2016) evaluated different factors and instruments on the basis of risk return aspects and tax benefits derived from the same. The study revealed that investors are aware about various factors affecting the investment decisions both short term as well as long term investment and hence they do not take any advice from the experts. They prefer self analysis by themselves.

Gupta (2012) made an attempt analyse the economic impact of personal income tax on different types of assesses. It is found in the study that the high income tax rates is a burden on salaried class of people which curbing their interest of saving as they receive very less benefits in the purview of taxation system prevailing in the country, hence, in order to motivate and increase the saving habits and investment the researcher is come up with few suggestions that will improve tax planning of the employees and there by the savings of these people will fall in the form of investments for the economic development as there will be an increase in tax compliance rate.

Frederick, Joseph and Pereria (2017), aimed to study the awareness level of working women towards tax benefits schemes in Allahabad. The research findings reveal that basic tax awareness with respect to tax slabs and date of filing is also very low. Hence the researcher is suggested to educate these working women about tax benefit schemes. Palil, Ahmad and Md Akir (2013), aimed to analyse the role of religiosity with respect to tax education and tax knowledge towards tax compliance. The study revealed that rate of tax compliance was lower compared to their education and knowledge towards tax. It was concluded that religious values play a prominent role in increasing tax compliance of a tax payer over their education and knowledge of taxation.

Hastuti (2014) mainly aimed to investigate tax awareness between business and non- business students and also the student's perception towards tax education and it was found that there is a significant difference with respect to tax awareness and student perception between the business and non-business students. To increase tax base for the country it is necessary to educate every individual with tax laws irrespective of stream of study. Khader (2017), aimed to ascertain the awareness level of tax planning measures among teachers from M.E.S Ponnani College. The study revealed that sample are found

to be cautious in tax matters, but most of them are partly aware about deductions under section 80, rebate and reliefs available to them. The priority of choice of scheme is traditional schemes as they are low risk perceivers and also lack the awareness about the modern schemes such as mutual funds, shares etc.

Bhinde (2013) is made an attempt to trace the awareness of income tax provisions and tax planning amongst salaried assesseees. The study revealed that the respondents are aware of the basic exemption limit applicable to them, tax rates and other basic knowledge about taxation but they lack the knowledge of planning their tax to reduce the burden hence prefer the service of tax consultant in planning their income.

The study conducted by Vasanthi (2014) aiming to analyze tax planning pattern of salaried assessee, revealed that tax knowledge is very high and lot of personal factors influence their tax planning. It was evident from the study that though the professionals earn better income it is the section of employees who pay prompt taxes to the government. Mansuri & Dalvadi (2012) studied the level of tax awareness and tax planning practice of selected individual assesseees, the study revealed that 99% respondents are aware of income tax act; 15% respondents are not aware about penalty; 79% respondents are aware with the areas of tax planning; 77% of respondents have thorough knowledge of tax saving schemes. And 81% of respondents plan their tax among the sample chosen for the study.

Mathew (2016), aimed to examine the knowledge of tax planning, investment avenues that are available to reduce tax burden. The level of tax literacy was poor and financial literacy is appreciated only towards traditional financial investments such as gold, silver, bank deposits, post office savings etc. Pourkiani, Asgharpoor & Hosseini (2015), aimed to examine the factors that impact the attitude of the tax payers and the study revealed the fact that necessary steps should be taken to create a culture of tax and strong supervision is necessary to monitor the same and the author is recommending publication of clear guidelines on tax and implementation of technology to ease the procedure of taxation also levy huge penalties for non-compliance.

Jose & Joseph (2016) analysed the level of tax compliance, efficiency and effectiveness of e-filing measures and the tax planning measures adopted. The results of the study presented that 80C deductions are the avenue chosen by salaried class to save tax and regularity in filing returns is seen among the salaried class because of safety and ease of filing returns. The research study conducted by Dey & Varma (2016), aimed to assess the awareness of individuals on various tax saving schemes and findings reflected the poor awareness on tax laws and schemes and hence the author insist on conducting few public awareness program to educate tax payers.

## **2.1 Research gap**

From the review of previous research studies on tax planning measures adopted and investment pattern, it was clear that no study is conducted by clubbing tax saving schemes and investment preferences and there is no attempt made by previous research studies to analyse the awareness of academicians over tax saving schemes and investment pattern, hence to help this class of tax payers in tax planning academicians are chosen.

## **3.0 Research Methodology**

The study is descriptive in nature. Both primary data and secondary data is collected for the study. Secondary data for the study was collected from the reports of annual reports of All India Income Tax Statistics, Indian Public Finance Statistics, circulars and notifications of Central Board of Direct Taxes and Reserve Bank India Bulletin. Books, Journals and News Paper Reports, various online resources such as: online research journals like JSTOR, EBSCO, PROQUEST; Research websites such as: Shodhganga, research gate, books, government reports etc. also form part of the secondary data.

Primary data was collected through a structured questionnaire, information collected with respect to investment preferences and pattern, tax awareness, tax planning measures adopted by the academicians of Bengaluru city. Assessment Year 2016-'17 was selected as the period of study for collecting primary data. The questionnaire was validated by the tax consultant and the chartered accountants, the feedback is been considered to frame the final questionnaire. The total sample considered in this study is 385 and we have calculated the sample size by using the sample size calculator (sample size calculator, 2017). The sampling technique used is stratified sampling technique.

### **3.1 Statistical tools used**

- a) Regression is used to find the impact of awareness of tax planning schemes over the investment preferences.
- b) One way ANOVA is used to find the approach of academicians towards tax planning.
- c) Cross tabs and descriptive statistics are used to find the awareness level of the respondents.

### **3.2 Limitations of the study**

- a) The study is been restricted only to the academicians of Bengaluru city.
- b) Only the salary income of the sample is been analysed in the study.

- c) The study is based on the assumption that academicians are earning income only under the head 'income from salaries'.

#### 4.0 Results and Discussion

The data collected through structured questionnaire from academicians are analysed using various statistical tools. A brief analysis of the data collected is presented in the form of tables and diagrams. Table 1 presents the demographic profile of the respondents. The study included the respondents from three main streams of academics, from science: 175, commerce and management: 65, humanities and arts: 145 people. Majority are female respondents compared with male, respondents with an income level ranging between 2,50,000 to 5,00,000 constitute the major part of research.

**Table 1: Demographic Profile of Respondents**

|                     | <b>Profile</b>          | <b>No. of respondents</b> |
|---------------------|-------------------------|---------------------------|
| Age                 | Below 30                | 115                       |
|                     | 30-44                   | 196                       |
|                     | 45-60                   | 74                        |
| Gender              | Male                    | 161                       |
|                     | Female                  | 224                       |
| Income level        | Up to 2.5 lakhs         | 55                        |
|                     | 2.5 lakh to 5 lakhs     | 238                       |
|                     | 5lakhs to 10 lakhs      | 85                        |
|                     | 10 lakhs and above      | 7                         |
| Marital status      | Married                 | 285                       |
|                     | Unmarried               | 100                       |
| Academic experience | Less than 5 years       | 101                       |
|                     | 5 to 9                  | 109                       |
|                     | 10 to 14                | 80                        |
|                     | 15 years and above      | 95                        |
| Faculty             | Science                 | 175                       |
|                     | Commerce and management | 65                        |
|                     | Humanities and arts     | 145                       |

*Source: Primary survey*

Table 2 depicts the level of awareness of respondents with respect to tax planning schemes. The level of awareness towards life insurance schemes and health insurance schemes was more in case of science stream of respondents.

**Table 2: Awareness Level of Respondents on various Tax Planning Schemes**

| <b>Tax saving schemes</b>    | <b>Faculty</b> | <b>Mean value</b> |
|------------------------------|----------------|-------------------|
| Public provident fund        | Science        | 1.85              |
|                              | Commerce       | 2.52              |
|                              | Social science | 1.99              |
| ELSS                         | Science        | 1.63              |
|                              | Commerce       | 1.70              |
|                              | Social science | 1.64              |
| FD                           | Science        | 1.84              |
|                              | commerce       | 2.04              |
|                              | Social science | 1.97              |
| Senior citizen saving scheme | Science        | 1.58              |
|                              | Commerce       | 1.81              |
|                              | Social science | 1.69              |
| RGES                         | Science        | 1.49              |
|                              | Commerce       | 1.46              |
|                              | Social science | 1.54              |
| Voluntary provident fund     | Science        | 1.46              |
|                              | Commerce       | 1.78              |
|                              | Social science | 1.48              |
| National Pension Scheme      | Science        | 1.61              |
|                              | Commerce       | 1.60              |
|                              | Social science | 1.53              |
| National Saving certificate  | Science        | 1.70              |
|                              | Commerce       | 1.96              |
|                              | Social science | 1.79              |
| Unit Linked Investment Plans | Science        | 1.68              |
|                              | Commerce       | 1.65              |
|                              | Social science | 1.59              |
| Life insurance policy        | Science        | 2.13              |
|                              | Commerce       | 2.06              |
|                              | Social science | 2.04              |
| Health Insurance Policy      | Science        | 2.08              |
|                              | Commerce       | 2.15              |
|                              | Social science | 2.17              |
| Sukanya Samridhhi Account    | Science        | 1.71              |
|                              | Commerce       | 1.90              |
|                              | Social science | 1.77              |

Source: Primary survey

The awareness level towards public provident fund is high with respect to commerce faculty. Humanities and arts stream academicians had no high level of awareness, but they are moderately aware about health insurance and life insurance schemes. All three stream of faculty i.e., science, commerce and management; humanities and arts projected least awareness towards Rajiv Gandhi Equity Saving Schemes.

Table 3 outlines the existing saving pattern of academicians. Majority of respondents i.e., 144 respondents (37.4%) save up to 10% of their income annually, 118 respondents (around 30.6% of academicians) save 20% to 30% annually, around 28% of people i.e 118 respondents annual save 10% to 20% of their income. Only 4 academicians save 30% to 40% and 11 respondents save beyond 40% of their income.

**Table 3: Existing Saving Pattern of Academicians**

| Percentage of savings | Frequency | Percent |
|-----------------------|-----------|---------|
| Upto 10%              | 144       | 37.4    |
| 10%-20%               | 108       | 28.1    |
| 20%-30%               | 118       | 30.6    |
| 30%-40%               | 4         | 1.0     |
| above 40%             | 11        | 2.9     |
| Total                 | 385       | 100.0   |

*Source: Primary survey*

The investment preferences of academicians have been presented in Table 4. The preferred investment avenues are bank deposits, post office savings, public provident funds, life insurance policies, they assume low risk and generate low rate of return also. The study also reveals most of the salaried investors' lack of awareness about financial securities such as shares, debentures, and mutual fund etc., show that as least preferred investment avenues.

The regression results of the impact of awareness of tax planning schemes on the preference to invest have been shown in Table 5. About 20% of the population show a negative impact on public provident fund to be chosen as a preferred investment avenue. Increased awareness on public provident fund will reduce their choice as investment. Increased awareness of post office saving schemes reflect that, the choice of it being the investment preference with respect to 30% of the total sample is negative. Increased awareness on mutual fund investment and its tax benefit and the rate of return will positively influence 40% of the total sample in choosing it as a major investment avenue. Impact of awareness on life insurance and fixed deposit schemes will increase the choice

of investment. 10% of sample will have positive impact towards life insurance schemes and 30% of sample towards fixed bank deposits.

**Table 4: Investment Preferences of Academicians**

| Investment avenues/ranks | 1 <sup>st</sup> rank | 2 <sup>nd</sup> rank | 3 <sup>rd</sup> rank | 4 <sup>th</sup> rank | 5 <sup>th</sup> rank | 6 <sup>th</sup> rank | 7 <sup>th</sup> rank | 8 <sup>th</sup> rank | 9 <sup>th</sup> rank | 10 <sup>th</sup> rank | 11 <sup>th</sup> rank | 12 <sup>th</sup> rank |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Bank deposits            | 102                  | 45                   | 53                   | 50                   | 44                   | 29                   | 19                   | 12                   | 16                   | 9                     | 3                     | 3                     |
| Post office schemes      | 80                   | 80                   | 69                   | 28                   | 26                   | 29                   | 12                   | 17                   | 22                   | 12                    | 1                     | 9                     |
| PPF                      | 59                   | 67                   | 44                   | 44                   | 62                   | 18                   | 19                   | 31                   | 21                   | 14                    | 2                     | 4                     |
| Shares                   | 45                   | 52                   | 37                   | 33                   | 33                   | 21                   | 27                   | 65                   | 28                   | 18                    | 25                    | 1                     |
| Bonds                    | 13                   | 9                    | 50                   | 43                   | 28                   | 25                   | 43                   | 25                   | 39                   | 75                    | 23                    | 12                    |
| Treasury bills           | 13                   | 9                    | 50                   | 43                   | 28                   | 25                   | 43                   | 25                   | 39                   | 75                    | 23                    | 12                    |
| Certificate of deposits  | 29                   | 24                   | 49                   | 52                   | 34                   | 34                   | 16                   | 25                   | 21                   | 44                    | 28                    | 29                    |
| Commercial paper         | 12                   | 40                   | 41                   | 31                   | 35                   | 9                    | 17                   | 20                   | 32                   | 32                    | 43                    | 73                    |
| Mutual funds             | 25                   | 43                   | 42                   | 49                   | 22                   | 58                   | 21                   | 34                   | 15                   | 27                    | 21                    | 28                    |
| LIC                      | 57                   | 57                   | 40                   | 62                   | 11                   | 42                   | 31                   | 8                    | 21                   | 32                    | 9                     | 15                    |
| Gold/silver              | 39                   | 48                   | 30                   | 42                   | 72                   | 44                   | 31                   | 18                   | 14                   | 9                     | 18                    | 20                    |
| Real estate              | 53                   | 25                   | 34                   | 50                   | 45                   | 50                   | 17                   | 24                   | 10                   | 9                     | 16                    | 52                    |

Source: Primary survey

**Table 5: Regression Values on Impact of Awareness of Tax Planning Schemes on their Preference to Invest**

|   | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|-------------------|----------|-------------------|----------------------------|
| Awareness of life insurance and insurance as preferred investment               | .063 <sup>a</sup> | .004     | .01               | 3.25724                    |
| Awareness of public provident fund and PPF as preferred investment              | .017 <sup>a</sup> | .000     | -.02              | 2.78024                    |
| Awareness of Post office schemes and post office scheme as preferred investment | .001 <sup>a</sup> | .000     | -.03              | 2.90716                    |
| Awareness of fixed deposit and bank deposits as preferred investment            | .073 <sup>a</sup> | .005     | .03               | 2.66105                    |
| Awareness of mutual funds and mutual fund as preferred investment               | .084 <sup>a</sup> | .007     | .04               | 3.28569                    |

Table 6 reveals the results of primary survey with regard to formulation of tax plan. Only 30% of the total population involve themselves in proper tax planning by

initiating the plan in the beginning of the year, whereas 63% of the population try to avoid tax by investing in tax saving schemes at the end of the year, remaining part of the population don not plan their taxes.

With respect of utilisation of the services of tax consultants, out of 385 respondents, 218 people prefer consultation of tax agents to assist them in investment and tax planning as majority of respondents are partially aware about various tax saving schemes and deductions, exemptions and reliefs available to them. 167 respondents are self - sufficient to plan their income in a way to reduce tax liability (Table 7).

**Table 6: Formulation of Tax Plan**

| Time period of plan   | No. of respondents | Percentage |
|-----------------------|--------------------|------------|
| Beginning of the year | 115                | 29.9       |
| End of the year       | 143                | 37.1       |
| At any time           | 101                | 26.2       |
| No planning at all    | 26                 | 6.8        |
| Total                 | 385                | 100        |

*Source: Primary survey*

**Table 7: Table Representing the Service of the Tax Consultant**

|       | No. of respondents | Percentage |
|-------|--------------------|------------|
| Yes   | 218                | 57%        |
| No    | 167                | 43%        |
| Total | 385                | 100%       |

*Source: Primary survey*

Table 8 summarises the approach of the respondents towards tax planning. Approaches that were significant enough to impact their approach towards tax planning were as follows: Money saved is money lost unless paid tax (sig= 0.003); Save tax and earn more, be a prudent investor (sig.= 0.002).

## 5.0 Implications of the Study

This study highlights that there is a need for providing training on e-filing of returns, reduction in tax rates are bringing reforms that will benefit the low and middle income earners will increase the compliance of tax payers. An awareness campaign to educate about the new avenues of investment such as shares, bond, mutual funds and the tax benefit earning investment avenues has to be initiated either by the employer or by

the government so that effective and efficient tax and investment planning can be made by academicians.

**Table 8: The Approach of Academicians towards Tax Planning**

| Approach   |                    | Sum of squares | Df  | Mean square | Sig. |
|--|--------------------|----------------|-----|-------------|------|
| Tax saving can add to your income                                      | Between the groups | .044           | 2   | .033        | .968 |
|  | Within the groups  | 260.698        | 382 |             |      |
|  | Total              | 260.743        | 384 |             |      |
| Money saved is money lost unless paid tax                              | Between the groups | 5.863          | 2   | 4.877       | .003 |
|  | Within the groups  | 229.582        | 382 |             |      |
|  | Total              | 235.444        | 384 |             |      |
| Your tax rate affects your investment return                           | Between the groups | .962           | 2   | .667        | .514 |
|  | Within the groups  | 275.609        | 382 |             |      |
|  | Total              | 276.571        | 384 |             |      |
| Tax planning is a important part of investment planning                | Between the groups | 2.435          | 2   | 1.507       | .223 |
|  | Within the groups  | 308.671        | 382 |             |      |
|  | Total              | 311.106        | 384 |             |      |
| Save tax and earn more; be a prudent investor                          | Between the groups | 9.172          | 2   | 6.560       | .002 |
|  | Within the groups  | 267.072        | 382 |             |      |
|  | Total              | 276.244        | 384 |             |      |
| Save income tax and cover your medical expenses with a smile           | Between the groups | 2.620          | 2   | 1.628       | .198 |
|  | Within the groups  | 307.406        | 382 |             |      |
|  | Total              | 310.026        | 384 |             |      |
| Looking for protection and growth                                      | Between the groups | 1.207          | 2   | .870        | .420 |
|  | Within the groups  | 265.042        | 382 |             |      |
|  | Total              | 266.249        | 384 |             |      |
| Tax savings is a key part of financial planning                        | Between the groups | 2.963          | 2   | 2.365       | .095 |
|  | Within the groups  | 239.235        | 382 |             |      |
|  | Total              | 242.197        | 384 |             |      |
| Pay less tax; earn more  | Between the groups | 1.952          | 2   | 1.184       | .307 |
|  | Within the groups  | 314.838        | 382 |             |      |
|  | Total              | 316.790        | 384 |             |      |
| Tax should be simple and easy to be understood                         | Between the groups | 2.475          | 2   | 1.594       | .204 |
|  | Within the groups  | 296.523        | 382 |             |      |
|  | Total              | 298.997        | 384 |             |      |
| Tax System affects the production and distribution of wealth seriously | Between the groups | 2.211          | 2   | 1.395       | .249 |
|  | Within the groups  | 302.750        | 382 |             |      |
|  | Total              | 304.961        | 384 |             |      |
| The hardest thing in the world to understand is income tax             | Between the groups | 1.870          | 2   | .748        | .474 |
|  | Within the groups  | 477.575        | 382 |             |      |
|  | Total              | 479.444        | 384 |             |      |

Source: Primary survey

## 6.0 Conclusion

Tax and investment planning is very much necessary for any individual who aim to save money which otherwise will be used in paying taxes to the government or kept ideal at home in safe lockers. Tax planning is of great importance as it aims at reducing tax burden of tax payer. Major contributors to public exchequer are the salaried class who are obedient in paying taxes by TDS deduction by the employer at the end of the year. The users are not aware about the benefit of paying income tax; most of them have gone into the habit of evading tax rather than planning the same. The percentage of tax evasion is higher than that of tax planning, hence in order to help them reduce their tax burden efficiently and effectively it is very much necessary to assess their knowledge about tax planning and create awareness and help them to reduce their tax liability. So in order to create awareness and provide few necessary information to the salaried class in particular to academicians awareness programmes needs to be take up to the teaching fraternity in the form of guest lectures or workshops either as an initiative by the respective institution or by the government.

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