

# AWARENESS ON TAX PLANNING STRATEGIES AMONG TEACHERS IN ARTS & SCIENCE COLLEGES WITH SPECIAL REFERENCE TO ERNAKULAM DISTRICT OF KERALA

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**Abstract:** This study examined the awareness on tax planning among teaching faculties of Arts & Science colleges in Ernakulam district of Kerala in order to check whether there is any relationship between the awareness level and their demographic factors. The study conducted is both descriptive and empirical in nature. The primary data has been collected through questionnaire by using proportionate sampling method and sample size was 310. The findings reveal that the respondents are moderately aware about the tax planning strategies. You will get further detail after reading the whole report.

**Keywords:** arts & science colleges, awareness, tax planning, teaching faculties.

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## 1. INTRODUCTION

The tax planning has proved a savior of the economic life of the tax payer who can reduce the incidence of tax to the minimum if he is able to plan his tax affairs diligently and intelligently. Tax planning could be outlined as an arrangement of one's monetary affairs in such a method that without breaking in any manner the legal provisions, full benefit is taken of all exemptions, deductions, rebates, and other reliefs permitted under the Income Tax Act so that the obligation of taxation, as far as possible, is the least.

The exemptions, deductions, rebates and relief have been provided by the law to attain certain social and economic objectives and to encourage savings and investments for the economic development of the country. Tax planning is an act with in the four corners of the Act and it is not a colourable device to avoid the tax. Thus, if a person takes the benefit of the deductions and rebates, he not only minimises his tax obligation, but also helps in attaining the objectives of the law, which is lawful, social and ethical.

## 2. REVIEW OF LITERATURE

Bitto (2018) focused on the study of tax planning and awareness of the taxation policies among the salaried class. The study revealed that most of the respondents are not aware about the tax planning measures to be taken by them in order to reduce their tax liability. It was suggested that there is a need for tax planning education among the salaried class.

Chen (2018) evaluated the personal income tax planning by salaried college staff, changes in taxation policies, the connotation of tax regulations, and the proportionality in tax planning. It was concluded that the development of the college, the value of education, the overall interests, and the risk prevention will increase the chance of successful tax planning.

Devassykutty & Antony (2017) conducted a study on tax planning among academicians to understand and evaluate the tax planning measures adopted by them. It was found that majority of the academicians are fully aware about deduction available for professional tax, contribution to PF, investment in NSC & Post Office Savings & repayment of housing loan (principal) deduction under IT act. The study recommended that Income Tax Authority must provide more awareness programs to assess the income so that the tax payers can avail the benefits provided by IT Department for Proper Tax Planning.

Gandal (2017) have made an attempt to determine the awareness of tax planning and tax provisions amongst the salaried employees. The results showed that overall tax literacy level is 74.66%. The level of tax awareness got affected by gender, age, education and income level. It is suggested that there is a need of tax planning education among the assesseees. The study concluded that most of the assessee have basic knowledge about income tax provisions and tax planning.

### **SIGNIFICANCE OF THE STUDY**

Teaching faculties of Arts & Science colleges are considered to be one of the high income earning and highly educated class of our society who pay regular tax for their income. They seems to be more aware about the tax planning strategies. In that context, it is very important to examine their awareness on tax planning strategies.

### **OBJECTIVES OF THE STUDY**

The study was conducted with the following objectives:

1. To understand the awareness level on tax planning strategies among college teachers.
2. To analyse the differences in the awareness on tax planning strategies among the teachers based on their demographic features.

### **HYPOTHESES**

Based on the problems identified and the objectives set, the following hypotheses were formulated.

1. There is no significant difference in the awareness level of faculties on tax planning strategies based on their gender.
2. There is no significant difference in the awareness level of faculties on tax planning strategies based on their age.
3. There is no significant difference in the awareness level of faculties on tax planning strategies based on their educational qualification.
4. There is no significant difference in the awareness level of faculties on tax planning strategies based on their designation.

## **3. RESEARCH METHODOLOGY**

In pursuance of the objectives and hypotheses formulated, the following methodology was adopted to conduct the study:

### **DATA BASE**

The study conducted is both descriptive and empirical in nature. It makes use of both primary data and secondary data. For studying the objectives and testing the hypotheses, a structured questionnaire is used as an instrument to collect the primary data. Secondary data was used to gain insight into the previous research in the areas of the study, and to develop a theoretical framework, and to formulate the sample design.

### **SAMPLING DESIGN**

Teaching faculties of Arts & Science colleges working in the District of Ernakulam constituted the population for the study. It is a finite population and it consist of 29 Arts & Science colleges and 1519 teachers as per the official records of the Directorate of Collegiate Education on March 2019.

In order to select the minimum required sample, Proportionate simple random sampling by using lottery method was adopted and total 310 samples were selected.

#### 4. RESULTS & DISCUSSION

##### 1. DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Table 1

Sl.No.	Variables	No.of Respondents	Percentage	Cumulative Percentage
1	<b>Age in years</b>			
	25-35	11	3.5	3.5
	35-45	230	74.2	77.7
	45-56	69	22.3	100
	Total	310	100	
2	<b>Gender</b>			
	Male	87	28.1	28.1
	Female	223	71.9	100
	Total	310	100	
3	<b>Educational qualification</b>			
	P.G and NET	58	18.7	18.7
	P.G and JRF	87	28.1	46.8
	P.G and M.Phil.	53	17.1	63.9
	P.G and Ph.D.	112	36.1	100
	Total	310	100	
4	<b>Designation</b>			
	Assistant Professor	225	72.6	72.6
	Associate Professor	63	20.3	92.9
	Professor	22	7.1	100
	Total	310	100	

Source: Survey Data

##### INTERPRETATION

The distribution of respondents by age group shows that 74 per cent of the respondents belonged to the age group of '35 - 45 years' followed by 22 per cent who belong to the age group between '45 - 56 years'.

It can be seen from the above exhibit that out of 310 respondents, 223 respondents (72%) are females and 87 respondents (28%) are males.

The survey results revealed that 36 per cent of the respondents are having Ph.D. followed by 28 per cent of the respondents are qualified for JRF, and 19 per cent of the faculties have Post Graduation with NET.

It is clear from the above data that majority of the respondents (73 per cent) are 'Assistant Professors' followed by 20 per cent are 'Associate Professors' and only 7 per cent are 'Professors'.

##### 2. AWARENESS ON TAX PLANNING STRATEGIES

The level of awareness about various sections on Tax Planning available under the Income Tax Act were analyzed. For this purpose a five point scale was used assigning five point weightage for 'Extremely aware', four point for 'Moderately aware', three point for 'Somewhat aware', two point for 'Slightly aware and one for 'Not at all aware'. Analysis was undertaken based on mean values for the total respondents. The Mean score of Awareness level is presented in table below.

Table 2: Awareness level of faculties on Tax Planning Strategies – Descriptive Statistics

Variable	N	Minimum score	Maximum score	Mean score	Std. Deviation
Awareness level of faculties	310	2.57	4.29	3.6417	0.23628

Source: Survey Data

### INTERPRETATION

The awareness level of faculties on Tax planning strategies range in between the scores of 2.57 and 4.29 and the Mean value for awareness level of faculties is 3.6417. It is concluded that the faculties are ‘Moderately Aware’ about the tax planning strategies.

### 3. HYPOTHESIS TESTING: 1

$H_0$ : There is no significant difference in the awareness on tax planning strategies of faculties based on their gender.

**Table 3: T test for Awareness of Respondents on Tax planning strategies with respect to their Gender**

Awareness level of faculties	Gender	N	Minimum	Maximum	Mean	Std. Deviation	t	df	P value
	Male	87	3.26	4.09	3.6949	0.18824	2.499	308	0.013
	Female	223	2.57	4.29	3.6209	0.24987			

\*significant at 0.05 level

Source: Survey Data

The t value is 2.499 with p value 0.013. So, there is ample evidence to reject the null hypothesis because  $t(308) = 2.499$ ;  $p < 0.05$ , so the null hypothesis is rejected. Hence, it can be stated that “there is significant difference in the awareness on tax planning strategies of faculties based on their gender”. The study found that obtained mean scores of male respondents is 3.6949 and of female respondents is 3.6209. It is concluded that the Male respondents (3.6949) are more aware about the tax planning strategies than the Female respondents (3.6209).

### 4. HYPOTHESIS TESTING: 2

$H_0$ : There is no significant difference in the Awareness level of faculties on Tax Planning Strategies based on their Age.

**Table 4: Awareness of Respondents on Tax planning strategies with respect to their Age - ANOVA**

	Sum of Squares	df	Mean Square	F	P value
Between Groups	0.110	2	0.055	0.981	0.376
Within Groups	17.142	307	0.056		
Total	17.251	309			

Source: Survey data

The Table shows that the F (2,307) value is 0.981 with p value  $0.376 > 0.05$  (5% significance level). So there is no evidence to reject the null hypothesis that there is no significant difference between the awareness level of faculties on tax planning strategies and their age; it is accepted.

Hence it is concluded that there is no significant difference in the Awareness level of faculties on Tax Planning strategies based on their Age.

### 5. HYPOTHESIS TESTING: 3

$H_0$ : There is no significant difference in the Awareness level of faculties on Tax Planning strategies based on their Educational qualification.

**Table 5: Awareness of Respondents on Tax planning strategies with respect to their Educational qualification - ANOVA**

	Sum of Squares	df	Mean Square	F	P value
Between Groups	0.093	3	0.031	0.554	0.646
Within Groups	17.158	306	0.056		
Total	17.251	309			

Source: Survey Data

The Table shows that the F (3,306) value is 0.554 with p value  $0.646 > 0.05$  (5% significance level). So the null hypothesis is accepted and it is concluded that there is no significant difference between the Awareness level of faculties on Tax Planning strategies and their Educational qualification.

#### 6. HYPOTHESIS TESTING: 4

$H_0$ : There is no significant difference in the Awareness level of faculties on Tax Planning strategies based on their Designation.

**Table 6: Awareness of Respondents on Tax planning strategies with respect to their Designation -ANOVA**

	Sum of Squares	df	Mean Square	F	P value
<b>Between Groups</b>	0.049	2	0.024	0.436	0.647
<b>Within Groups</b>	17.203	307	0.056		
<b>Total</b>	17.251	309			

Source: Survey data

Table reveals that the F (2,307) value is 0.436 with p value  $0.647 > 0.05$  (5% significance level). So there is no evidence to reject the null hypothesis that there is no significant difference in the Awareness level of faculties on Tax Planning strategies based on their Designation; the  $H_0$  is accepted.

Hence it is concluded that there is no significant difference in the Awareness level of faculties on Tax Planning strategies based on their Designation.

### 5. FINDINGS

- It was found that the faculties are 'Moderately Aware' about the tax planning strategies.
- There is significant difference in the awareness on tax planning strategies of faculties based on their gender. It is concluded that the Male respondents are more aware about the tax planning strategies than the Female respondents.
- It is concluded that there is no significant difference in the Awareness level of faculties on Tax Planning strategies based on their Age.
- There is no significant difference in the Awareness level of faculties on Tax Planning strategies based on their Educational qualification.
- It was observed that there is no significant difference in the Awareness level of faculties on Tax Planning strategies based on their Designation.

### 6. SUGGESTIONS

Suggestions based on the findings of the study include the following:

- Tax planning awareness program to be conducted by the Income tax authorities.
- More awareness on tax planning should be given to women as they are found to be less aware about the tax planning strategies.

### 7. CONCLUSION

The study examined the awareness level of college teachers on tax planning strategies and it was found that they are moderately aware about the Income tax provisions and tax planning strategies and the male teachers are more aware about the tax planning strategies than the females.

As the college teachers belongs to a major group of income earners, proper tax planning will be very helpful to the individual assessee as well as beneficial to the society and the Government. Awareness regarding tax planning and its adoption are inevitable in the current scenario.

### LIMITATIONS

The scope of the study is limited to the Govt. / Aided Arts & Science colleges only. This study is conducted in Ernakulam district only so it cannot reflect the awareness of all teaching faculties in the state and time for research was limited.

### SCOPE FOR FURTHER RESEARCH

The study examined the awareness on tax planning strategies among the teachers in Arts & Science colleges with special reference to Ernakulam district. The study has ended up with a number of research issues to be investigated in future. They are:

- ❖ Awareness on tax planning strategies among college teachers in the Kerala state.
- ❖ Tax planning strategies adopted by different categories of income tax assesses.
- ❖ Tax planning strategies adopted by college teachers in the Kerala state.

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