

AWARENESS ABOUT PERSONAL TAXATION IN THE MIDDLE CLASS POPULATION OF MUMBAI WITH SPECIFIC REFERENCE TO WESTERN SUBURBS

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ABSTRACT

Taxation is a crucial area associated with personal finance for Medium and higher Income Group Individuals. Yet, in line with general lack of awareness in financial matters, even the spectrum of tax laws gets minimalistic attention from these groups. Though professionals are relied upon for the compliance, it is expected that certain basics provisions and their application would be known to the taxpayers. However, the taxpayers do not show inclination to comprehend elementary provisions related to rental income, Capital Gains, essential forms such as 15G and use of IT in compliance. Though most of the middle class taxpayers are salaried, their understanding of salary structure and its working may not be sufficient. Small entrepreneurs do need to understand concepts like presumptive taxation. The understanding of middle class in relation to taxation is a crucial input for governance.

INTRODUCTION

Income Tax, as the name suggests, is a levy on the income earned. In India, Income Tax Act, 1961 through various provisions and regulations governs entire direct taxation system. Income from five sources, prescribed by the Act, viz., salary, house property, profits and gains from business or profession, capital gains and other sources, together constitutes gross total income. There are certain expressed exemptions and deductions under all the aforesaid heads of income, understanding of which help assessee to manage the tax liability effectively and make informed decisions about the spending and savings. Thus, it necessitates having basic knowledge of the applicable rules and regulations with respect to tax computation and deductions. Additionally, understanding of annual finance budget is also required to be known for applicable income tax rates and amendments, if any.

Yet, it is observed that the awareness about this crucial aspect of personal finance is moderate at best and usually feeble. Most of the people, even from the background of finance, find income tax structure complex due to numerous provisions and concepts, to name few, fringe benefit component as a part of salary structure or deemed to be let out property in case of house property, inclusion of grandfather clause in capital gains, gift tax etc. The great performers at their work places struggle, when it comes to tax planning or filing income tax returns, which entails their dependency on the consultants. Such ignorance sometimes also leads to tax evasion, excess payment, non-filing or wrong filing of income tax returns. Further, the subject has social significance in the sense that independent understanding of the taxation by a woman reflects her financial understanding and her empowerment in the social & marital structure.

It is important to study this phenomenon and quantify it. The class, which does bear burden of this contribution to the treasury and which may not afford to have a dedicated professional, sparing great amount of time to consult on it, that is, middle class, is the logical target for such an analysis. Further, various segments of this class should be examined, vis-à-vis various dimensions of the personal taxation and the awareness levels established. This research is an effort in that direction.

RATIONALE FOR THE PROJECT

It is popularly agreed and usually asserted that the society falls short in terms of financial literacy in general and taxation awareness in particular. However, such an assertion not only needs to be validated, but is also required to be quantitatively classified and analyzed. The awareness, or lack of it, needs to be established and a matrix is required to be created that would elucidate the relationship between components of the society and the areas of taxation, which the former understand. This is focused on middle class, for the poorer section may not have taxable income and consequently, a need to know about taxation, whereas the richer sections can and do afford professional individuals and firms to help and assist them.

The research, though appears to be, actually does not belong to the stream of taxation. On one hand, it is an important contribution to Public Policy and Revenue administration, it is also important for the education policy makers to expand their scope of syllabus. This shall also serve as a valuable input for the startups aiming or functioning in infotainment scope through browser and mobile based applications. Another dimension is for the startup incubators to guide the entrepreneurs about right areas of taxation in their activities. Finally, the importance of research from social perspective has to be considered since taxation is a slice of financial literacy, which in itself can be an essential tool of Women Empowerment.

EXECUTIVE SUMMARY

The research was planned with economic middle class as focus. Geographical area of the Western Suburbs of Mumbai, from Bandra to Borivali was focussed. A demographic composition of roughly equal Men and Women, coming from various middle class income and occupation categories, was selected. Chartered accountants, practicing in this segment were consulted to understand which of the areas in taxation should be considered for personal awareness. Questionnaire relevant on these areas was framed. The questionnaire was a test of knowledge of the respondents, about these areas, identified by the professional. It was not a surprising observation that the overall understanding of the taxation in this populace is abysmally low. It is indicative that more than 50% of the respondents could answer less than one third of the questions. There were 3.23% of the respondents who could actually answer NONE of the questions. Though the awareness in men is higher, it is not much so, than women. However, the awareness in Home Makers seem considerably lower than others. Those having income above Rs. 16,00,000 seem to be most aware and those with lowest income range are least. Certain areas, like e.g. clubbing of spouse' income or rent, seemed well known. On the other hand, provisions related to Donations, procedures like online 26AS checking were not known correctly. Overall, 30% to 40% respondents were found to be giving correct answers to majority of the questions.

The research underlined importance of the awareness drive amongst the middle class related to the issues of personal taxation. It validated the issues of gender bias and economic

disparity in the process. It has also helped understanding the demographic breakdown of the awareness levels. An important takeaway for the revenue authorities can be need to revisit the complexity of taxation and making it more palatable to those who are going to pay under it.

REVIEW OF LITERATURE

The researcher had undertaken extensive review of the existing body of work, available for the study, in the relevant area. Here is a brief summary of some of these research papers, reviewed by the researcher...

- 1. In his research, Humbad(2017)¹, has studied Indian tax provisions with respect to income from house property. The author has described various dimensions such as self – occupied property, let out property and deemed to be let out property and income chargeable to tax in either of the cases. He has also discussed impact of income tax on rental income, effect of housing loan and interest thereon and exemptions and deductions thereon. The author has advised every tax payer to estimate the taxes and do well planning to reduce the taxes and he has also stated that buying a house property by availing housing loan and disclosing excess of interest over rental income may lead to negative income from house property, which may in turn reduce the tax liability of the tax payer.*
- 2. Adimasu&Daare (2017)², undertook the profiling of taxpayers in Ethiopia through 377 individual taxpayers and concluded that lack of awareness about tax provisions was one of the major reason for non-compliance with tax statues in Ethiopia*
- 3. The study undertaken by G. Tarun, et al (2018)³tries to find out the gap between government's revenue and expected government revenue through taxes. The researcher has described various factors causing tax evasion such as corruption, inefficient tax structure, lenient approach towards punishment for tax evasion and ignorance or lack of awareness among tax payers for their tax liability. The author has also recommended strict actions to reduce or overcome these situations.*
- 4. In their study about,E-filing of income tax return, researcher K.Saravanan, et al, (2017)⁴ try to explore the level of awareness of an individual about e-filing of income tax return in Trichy city. The researchers have used various parameters such as knowledge about income tax return forms, e-payment of tax, generation of challan, digital signature etc and based on all these he has tried to judge the awareness among an individual tax payer. E-filing is an automated process and time and energy saver and secured too. In Trichy city, the researchers could find higher satisfaction level in the individuals towards usage of e-filing of income tax return. The study showed relationship between gender and level of satisfaction towards usage of e-filing. The researchers have recommended that all the individual tax payers should learn and adopt e-filing process for income tax returns, who presently are depended upon the consultants etc. for filing their income tax return.*
- 5. The study conducted by Jain, et al, (2017)⁵ reviews the applicability of income tax for corporates or business houses. It has also discussed the requirement of simplified direct tax structure to boost government's make in India move. The researcher has discussed various areas, such as provisions of MAT, retrospective tax calculation citing case of Vodafone, amalgamation, de-merger, allowance of CSR expenditure for corporates etc. The study has also referred to pending corporate tax disputes and litigations and has recommended quick resolution of the same to achieve government's target towards attracting foreign investments in India.*
- 6. Arora (2015)⁶, conducted exploratory research to find out people perception and awareness about direct taxation in India with more specific study of relationship between gender and understanding of Indian tax laws. The researcher has seen the slightly higher level of understanding of tax laws in males as compared to females but, overall understanding is low. The author has also pointed out the complex structure of tax laws and hence, difficult to understand the same. The study holds lack of awareness in tax payers, higher tax rates and complex structure of Indian income tax Act responsible for tax evasion.*
- 7. Chhajer (2013)⁷ states that it is an important reason for individual assessee not achieving their investment objectives that they lack knowledge of tax saving investment and do not resort to timely professional help.*
- 8. Kalgutkar (2018)⁸ has asserted that if the respondents would be aware of present tax provisions, then the tax planning have positive effect on their wealth creation. This led her to conclude that wealth creation is assisted through tax awareness and tax planning*

9. *Parkhi (2010)⁹ surveyed a sample of 100 MBAs and showed that only 72% MBAs were aware that India follows progressive tax structure. 31% respondents were unable to classify between Direct & Indirect taxes. however, 90% of the respondents believed that basics of taxation were required to be studied, irrespective of specialization.*
10. *Muthupandi & Xavier (2017)¹⁰, concluded through their survey with the students that students understand GST as a world class tax system which is able to give different treatment to manufacturing and service sector. But students also see that all this will be subject to its rational design and timely implementation*

STATEMENT OF OBJECTIVES

1. To identify the awareness levels of the Middle Class, specifically in the Mumbai City, about tax matters.
2. To conduct a breakdown of the awareness levels across various demographics.
3. To ascertain the differentiation in awareness, based on the area of personal taxation.
4. To create a meaningful database, which may help the government authorities and other interested parties, such as Educational Institutions or ICAI to take the necessary steps regarding this awareness

RESEARCH DESIGN AND METHODOLOGY

“Research design is the conceptual structure within which research is conducted. Research design indicates the blue print for the collection, measurement and analysis of data. The design includes an outline of what the researcher will plan and frames the research work. It explains how samples are selected, sample size is determined, how data is collected and which statistical methods are used for data analysis”. (Kothari C.R., 2004)¹¹. The researcher has undertaken this research by following steps...

1. At the outset, the research conducted interviews with reputed chartered accountants, who are practicing in the areas of personal taxation, in different localities within the Mumbai Metro and adjoining regions. This was undertaken with two purposes. First was to identify which of the areas are important for the personal taxation, amongst vast scope of taxation in general. The researcher is of the opinion that, every person, with no specialized knowledge of taxation, may not be expected to know all the aspects of personal taxation. Hence, in these interviews, researcher tried to establish those specific issues within personal taxation, which a taxpayer is required to know, even if she/he chooses to employ a professional for actual filing work.
2. Based on the responses from these professionals, the researcher developed a questionnaire. This is like a test of personal taxation. The questions asked in the test covered simple aspects of personal taxation. Some of the questions are small case studies in which the respondent would have to arrive at a correct answer. In some questions, specific provisions of the Income Tax Act are asked.

3. The researcher has focussed on Middle Class population of the western suburbs of the city of Mumbai, from Bandra to Dahisar. As per the Public Health Department Report of Municipal Corporation of Greater Mumbai, Census of 2011⁽¹²⁾ has specified that the population of the western suburbs of this Metro is about five and half million. This consists of about 1.2 million households. The, has provided data related to the residential availability of dwelling houses to the households. The researcher has considered those households, which have two or more rooms of ownership or three or rooms on rental basis, as middle-class households. Going by Census of India data (2014)¹³ on this matter, such households are over six and half lakhs, which can be considered as middle-class in this geographical area. This constitutes the Universe of Study for sampling purpose.
4. National Education Association (1960)¹⁴, in USA, had arrived at a formula for appropriate sampling, so as to extrapolate the sampling outcomes on the population. This formula is...

$$s = \frac{x^2 N P (1 - P) - d^2 (N - 1) + x^2 P (1 - P)}{d^2}$$
 Where,
S = required sample
x² = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841)
N = the population size
P = the population proportion (assumed to be .50 since this would provide the maximum sample size)
d = the degree of accuracy expressed as a proportion (.05)

Researchers Krejcie and Morgan (1970)¹⁵, developed a table, that would show the necessary sample size for corresponding population, based on this formula. Referring to this table, we may conclude that the sample size of 382 may justify the research outcome for extrapolation. However, given the vast and varying nature of the population, the research chose to collect the data from over 1000 respondents and ultimately ended up with 1054 respondents.

5. The researcher has also discussed the results with tax professionals for validation. He observed that they were in consonance with the oral predictions made by these professionals.

QUESTIONNAIRE AND PROVISIONS OF THE INCOME TAX

The researcher has designed the questionnaire based on relevant provisions of the income tax. Here is the list of questions and explanation of the provisions related to them. A conscious effort is made to keep the question simplistic. As explained in the research design, professionals' advice was sought to ensure that the questionnaire would cover those areas, which the respondents are ought to know, even if they are hiring a professional to file their Income tax Return.

1. What is the % of Long Term Capital Gain Tax in case of income earned from share trading, for the Financial Year 2018-19?

Long term capital gain (LTCG) arises on sale of a capital asset after holding it for more than a year. Effective 2018-19, long term capital gain arising from sale of equity share is taxed at 10% for the gain exceeding Rs. 100,000 without indexation benefit. All such gains upto 31st January 2018 are supposed to be grandfathered. The concept of cost of acquisition

has been redefined to include below provision – the cost of acquisition for the shares bought before 1st February, 2018 would be higher of either (1) actual cost of acquisition of shares or (2) Lower of the highest price of a share on the stock exchange as on 31st January 2018 or when the share was last traded and sale value received upon sale of a share.

2. What is the maximum deduction you can avail u/s 80 D for paying mediclaim premium for your senior citizen parents?

The deduction available under section 80D is for the policy premium that covers the health of an individual and her/his family. It is based on actual premium paid but up to Rs. 25,000 when the cover is for an individual and his family members, which mean spouse and dependent children. But if the individual is paying premium to cover her/his parents as well, then the limit is additional 25000 and further, it is additional 50,000 for the senior citizen parents.

3. In order to avail tax exemption upon sale of a house property, what is the amount that you need to invest?

House property is a capital asset hence provisions of capital gain tax are attracted for such gain. IF the house property is sold within 24 months of its acquisition then, the short term capital gain tax (STCG) needs to be paid based on the income tax slab rates. In case the house property is held for more than 24 months then, long term capital gain tax (LTCG) would be payable at 20% with indexation benefit. Sec 54 of Income Tax Act, 1961 provides tax exemption if the full amount of LTCG is reinvested in buying or constructing new house and retained such new property for specified period.

4. What is the maximum deduction you can avail u/s 80 D for paying mediclaim premium for your senior citizen parents?

Sec 80 D of Income Tax Act, 1961 allows deduction for paying premium towards mediclaim policy. Additional deduction is available if the tax payer pays mediclaim premium for his or her senior citizen parents. Deduction available for paying mediclaim premium for own family, which includes spouse and children for a non-senior citizen is Rs. 25,000 and for senior citizen parents, it's Rs. 50,000, which means total available deduction u/s 80 D is Rs. 75,000.

5. Are you aware of the Tax benefits, if you form HUF (Hindu Undivided Family)

HUF is a separate legal entity as per Income Tax Act, for which you need to obtain separate Permanent Account Number (PAN). With this an individual can push certain income to HUF and treat it as family income, which will be chargeable to tax under provisions of HUF. HUF enjoys all the benefits u/s 80 C (for investments under defined options to avail deduction upto Rs. 150,000), u/s 80 D (deduction for paying mediclaim premium for family to the extent of Rs. 25,000) and basic exemption from income tax under income slabs. Further, it can also own house property and avail housing loan and get deduction for interest on loan.

6. Mr. Lal is advised by an Investment Planner friend to gift ₹ 15,00,000 to his wife so that the interest on FD in her name would not be taxed in his hands. Is he right?

Income Tax Act prohibits income diversion to any relative as per Sec.64. One who earns the income is liable to pay the tax on the same. Hence, gifting Rs. 15 lacs to the wife, will not incur any tax liability for his wife but, Mr. Lal is required to pay tax on the income earned by him. Further, interest received on FD will be clubbed as Mr. Lal's income and will be taxable under clubbing provisions of Income Tax.

7. Mrs. Sen has Gross Total Income of ₹ 480,000 and he has donated ₹ 100,000 to the charitable trust for sports. What is the maximum amount he can claim u/s 80G?
Income Tax Act has defined certain charitable organizations u/s 80 G, who are eligible to issue certificates to the donor for making donations. If the organization fits into the expressed list, then the donor might get maximum deduction to the extent of 100% of the amount donated by him. However, most of the trusts also fall in the category, wherein, the donor gets 50% deduction of the qualifying amount, which in turn, should not exceed 10% of the Gross Total income.
8. Mr. Pasta owns house property in Mumbai. He has inherited house property after the death of his father, which is located in Indore. He has not let out any of the house property on rent. Will there be any Income from House Property for the purpose of taxation?
Inherited property is an owned property and hence, income tax provisions related to house property income will be applicable. Till FY 2018-19, as per Income Tax Act, one house property is treated as self-occupied property (SOP) and other property, whether lent or not, is treated as deemed let out property (DLOP). Since, FY 2019-20, two house properties could be treated as SOP and accordingly income tax provisions would be applicable in those cases. Since the question is pertaining to the period prior to FY 2019-20, income tax provision related to DLOP would be applicable. This means that Mr. Patwa is required to calculate notional rent on any of the house properties and this will be his Income from house Property.
9. Miss Malini is doing business with annual turnover of Rs. 1.50 Cr. She has reported expenses of Rs. 1.3 Cr. How much income should she report under Business & Profession?
Section 44AD of the Income tax Act provides that Miss Malini's income is deemed to be 8% of her turnover, if it is below 20 Million (INR Two Crores) and 6% if the receipts are in any other mode than cash. As such, she is entitled to claim only 9.6 Lakh rupees as her income from business. Since it is a legitimate tax planning, she would report it, as against INR 20 lakhs.
10. Name any two allowances of which you can avail tax benefits while designing your salary structure.
Typically HR department of any organization designs salary structure after considering different benefits and perquisites in the interest of employees. Some allowances are taxable and some are not. To name few, HRA, Dearness allowance, conveyance, uniform allowance, entertainment allowance etc. Taxable allowances are included in salary income and are chargeable to tax and non-taxable allowances are exempt.
11. What is the online statement called, which facilitates checking of TDS paid by payer for you?

During the year the tax payer earns income from various sources, such as income from salary, business or profession, house property, gifts or other sources. At the time of receipt, tax is deducted at source, as per the provisions of Income Tax Act and tax payer receives net income. This deducted tax is consolidated and reported in one statement, which is known as form 26 AS. Through permanent account number (PAN) the income can be collated and reported in aforesaid form.

12. Is TDS and Income Tax, one and the same?

TDS is tax deducted at source. Income tax is a wider term, which includes TDS, self-assessment tax, advance tax etc. TDS is deducted by the income provider at certain specified income tax rate at the time of making payment to the payee. Hence, the payee gets income net of TDS. Hence, TDS is a part of total income tax.

13. Miss Ranjana is a lawyer and earns income from professional fees. Mr Vasvani deducted tax from her fees but did not pay it to the government. Is she still liable to pay tax which Mr Vasvani has defaulted?

It's a responsibility of the deductor to pay deducted income tax to the government. If he doesn't pay the same then, the income recipient needs to bring it to the notice of the deductor and ensure the payment to the government. If still the deductor doesn't pay then, the recipient has to maintain evidence of the correspondence with the deductor in this regard and also form 26AS evidencing deduction of TDS or net income received. In the question, it's Mr. Vasvani's responsibility to pay TDS, which he has not done. Miss Ranjana needs to take aforesaid steps to prove her innocence in this case.

14. Miss Alia is a resident Indian having income from bank interest only. This income is Rs. 6,54,000. Her friend suggested her to submit form 15 G to the bank to avoid TDS deduction from the bank interest income. Do you think she should submit this form?

Form 15 G is submitted to the banks for not deducting TDS from bank interest on deposits if the total income of the tax payer is nontaxable. Income is taxable as per the slab rates. In case of an individual tax payer, who is a non-senior citizen, the exemption is available upto Rs. 250,000. In the question, Alia's income is above basic exemption limit, hence tax needs to be computed on her income irrespective of submission of form 15 G.

TYPES OF DATA AND COLLECTION

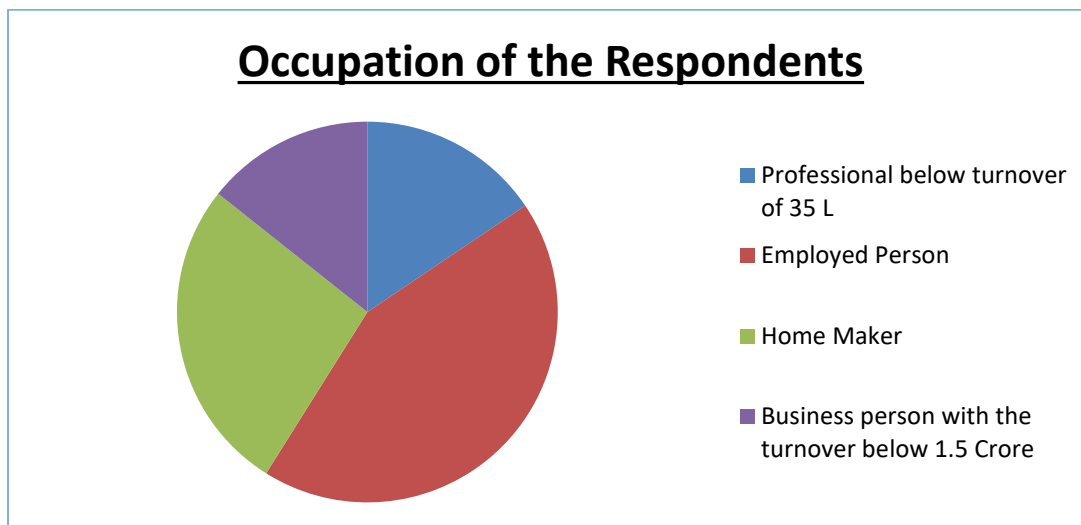
It is difficult to further segregate the middle class population of the city, based on income range and profession. There is no reliable data available for the same. However, based on the interactions with tax professionals, it was roughly decided that the data ought to come principally from employed individuals, as a representatives of households. They further recommended that the business persons, with turnover below INR 15 million and professionals below turnover of 1.5 million might be appropriate target audience, since this is the class, which is not required to maintain separate books or get their records audited, provided that they accept their income to be fixed percentage of their turnover, according to the Income Tax Act, 1961. The researcher specifically wanted to understand the social significance of this awareness and as such, chose to include the female home makers as a part of respondent category, as well. Thus, these four categories within the chosen population were identified and targeted during data collection.

Offline tools and Google Forms were used and the collected data was validated on test check basis.

ANALYSIS OF DATA

The researcher has undertaken Descriptive Analysis of the data in Four Steps. In descriptive analysis, the researcher focuses upon organizing the data and reflecting upon various variables and their relationships, based on the presentation of such organized data.

10.1 Step I: At the outset, it might be appropriate to throw light upon the composition of the respondents. This can be seen as below...



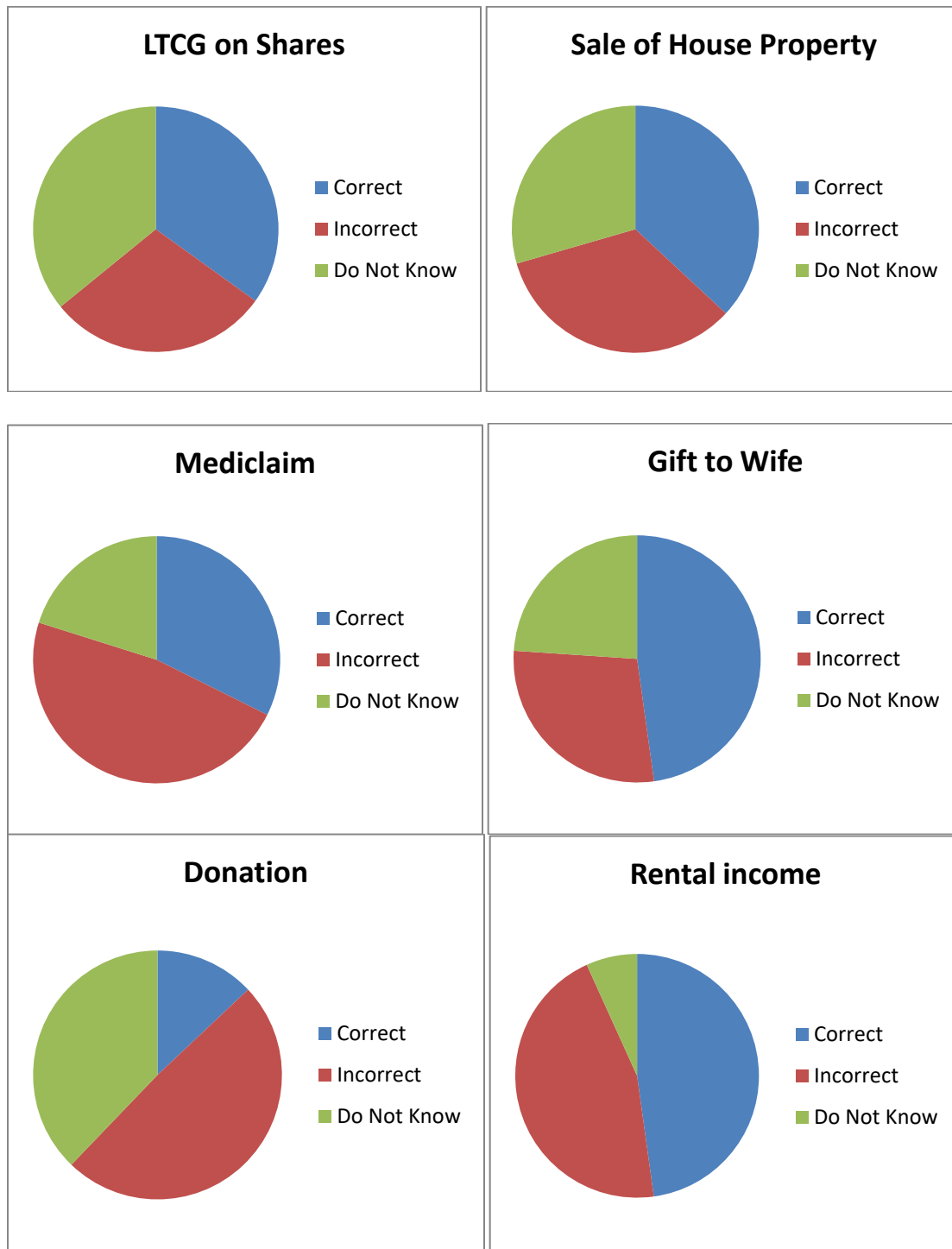
As can be seen clearly, the employed persons are nearly half, or actually, 43.36%. Business and professionals are almost same at 14.33% and 15.56% respectively. There are about 26.76% home-maker respondents.

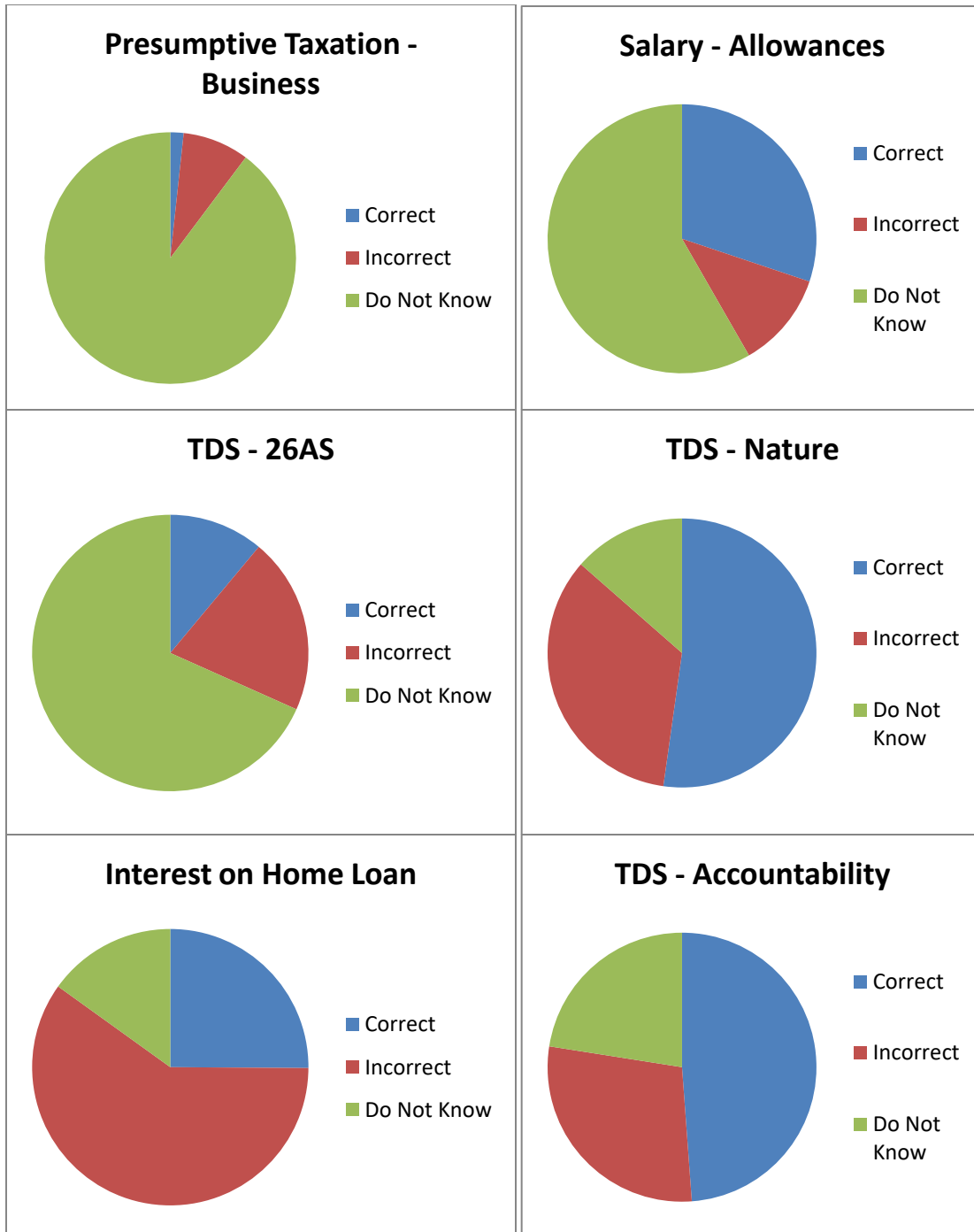
Gender	Percentage
Female	51.52%
Male	48.48%
TOTAL	100.00%

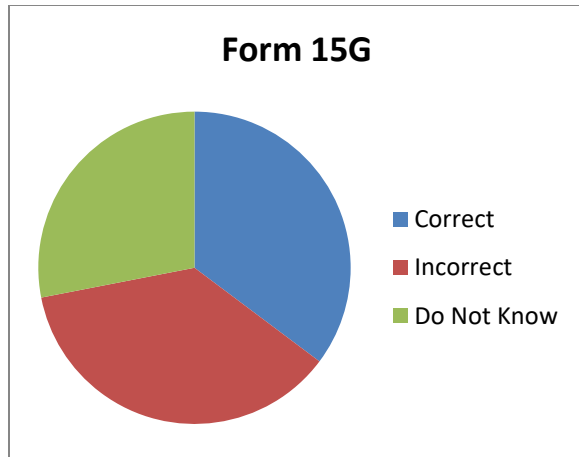
Further, the table above shows that the respondents are fairly divided between both the genders.

10.2 Step II: There are 13 questions in all, to which, correct or incorrect answers are possible. Following diagram shows the proportion of correct and incorrect answers given to each of the questions by all the respondents, regardless of their gender or occupation. In this step, the researcher has also shown 'Do not know' option, wherever applicable, clearly segregated, so that the incorrectness and lack of awareness from the respondent can be clearly elucidated.

RESPONSES TO THE TEST QUESTIONS







Analysis of this presentation clearly shows that...

1. Over all, the correct responses have never been given by more than half the respondents, except for the question, 'Is TDS and Income Tax, one and the same?'. Even in that question, nearly 45% have given wrong answer, indicating that substantial number of respondents are unaware of distinction or lack of it, between TDS and Income tax.
2. Though the correct responses vary between 25% to 45%, in most of the questions, they are abysmally low in some cases. E.g. barely 16% respondents are aware about the online 26AS statement, so vital for better compliance. Also, hardly 2% respondents understand presumptive taxation, due to which compliance is simplified to a great extent. Even the deductibility of the donation is rightly known to only about 12% respondents.
3. It is also pertinent to note that on an average, one third of the respondents are admitting their unawareness about the taxation provisions and in equal proportion, even when they assume that they are aware, the responses are wrong.

10.3 Step III: In the next step, the researcher has tried to test whether two of the attributes of the respondents, viz. Occupation and Gender, independently, affect the responses? Based on the extent to which these factors affect the results, further analysis can be done. This relationship has been tested on the basis of Hypothesis testing.

H_0 *There is no relationship between occupation and taxation awareness with respect to questionnaire.*

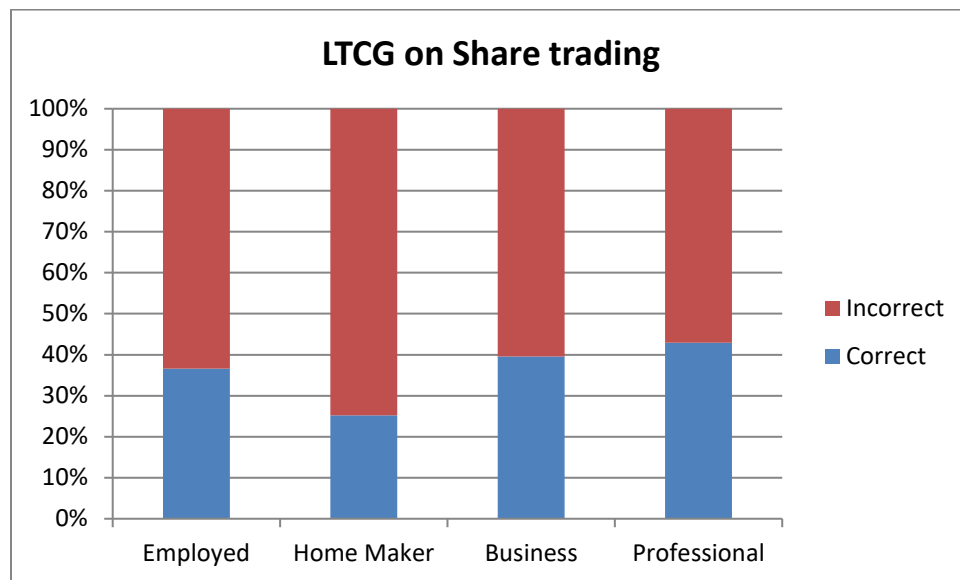
H_1 *There exists a relationship between occupation and taxation awareness with respect to questionnaire.*

ANOVA

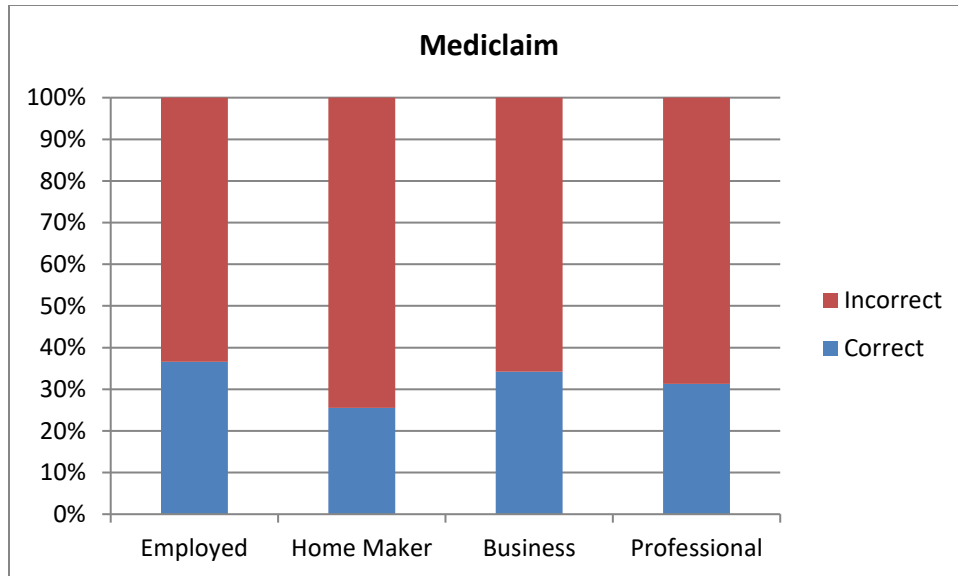
		Sum of Squares	df	Mean Square	F	Sig.
What is the % of Long Term Capital Gain Tax in case of income earned from share trading, for the Financial Year 2018-19?	Between Groups	.844	3	.281	2.648	.048
	Within Groups	111.611	1050	.106		
	Total	112.455	1053			
What is the maximum deduction you can avail u/s 80 D for paying mediclaim premium for your senior citizen parents?	Between Groups	2.088	3	.696	3.202	.023
	Within Groups	228.235	1050	.217		
	Total	230.323	1053			
Mr. Lal is advised by an Investment Planner friend to gift ₹ 15,00,000 to his wife so that the interest on FD in her name would not be taxed in his hands. Is he right?	Between Groups	.912	3	.304	1.476	.219
	Within Groups	216.249	1050	.206		
	Total	217.161	1053			
Mrs. Sen has Gross Total Income of ₹ 480,000 and he has donated ₹ 100,000 to the charitable trust for sports. What is the maximum amount he can claim u/s 80G?	Between Groups	.000	3	.000		
	Within Groups	.000	1050	.000		
	Total	.000	1053			
Mr. Pasta owns house property in Mumbai. He has inherited house property after the death of his father, which is located in Indore. He has not let out any of the house property on rent. Will there be any Income from House Property for the purpose of taxation?	Between Groups	1.843	3	.614	2.467	.061
	Within Groups	261.580	1050	.249		
	Total	263.423	1053			
Miss Malini is doing business with annual turnover of ₹ 1.50 Cr. She has reported expenses of ₹ 1.3 Cr. How much income should she report under Business & Profession?	Between Groups	1.500	3	.500	2.006	.111
	Within Groups	261.757	1050	.249		
	Total	263.257	1053			
Name any two allowances of which you can avail benefits while designing your salary structure.	Between Groups	7.380	3	2.460	10.225	.000
	Within Groups	252.590	1050	.241		
	Total	259.970	1053			
What is the online statement called, which facilitates checking of TDS paid by payer for you?	Between Groups	1.204	3	.401	4.594	.003
	Within Groups	91.730	1050	.087		
	Total	92.935	1053			
Is TDS and Income Tax, one and the same	Between Groups	1.393	3	.464	1.860	.135
	Within Groups	262.098	1050	.250		
	Total	263.491	1053			
Miss Ranjana is a lawyer and earns income from professional fees. Mr Vasvani deducted tax from her fees but did not pay it to the government. Is she still liable to pay tax which Mr Vasvani has defaulted?	Between Groups	4.017	3	1.339	5.500	.001
	Within Groups	255.597	1050	.243		
	Total	259.614	1053			
Miss Alia is a resident Indian having income from bank interest only. This income is Rs. 6,54,000. Her friend suggested her to submit form 15 G to the bank to avoid TDS deduction from the bank interest income. Do you think she should submit this form?	Between Groups	3.085	3	1.028	4.708	.003
	Within Groups	229.332	1050	.218		
	Total	232.417	1053			
In order to avail tax exemption upon sale of a house property, what is the amount that you need to invest?	Between Groups	.298	3	.099	.630	.596
	Within Groups	165.440	1050	.158		
	Total	165.738	1053			

The researcher applied one way Anova to find relationship between occupation of the respondents and its impact on their responses to the questionnaire. He has been able to relate occupation with the knowledge of provisions of long term capital gain tax, deduction u/s 80 D, allowances for salaried person, knowledge of online tax certificate, knowledge of TDS and form 15G or 15H. But in other cases such as provisions of income tax with respect to gift tax, exemption with respect to sale of house property, income tax provision with respect to business income, he couldn't find sufficiently material relationship with occupation.

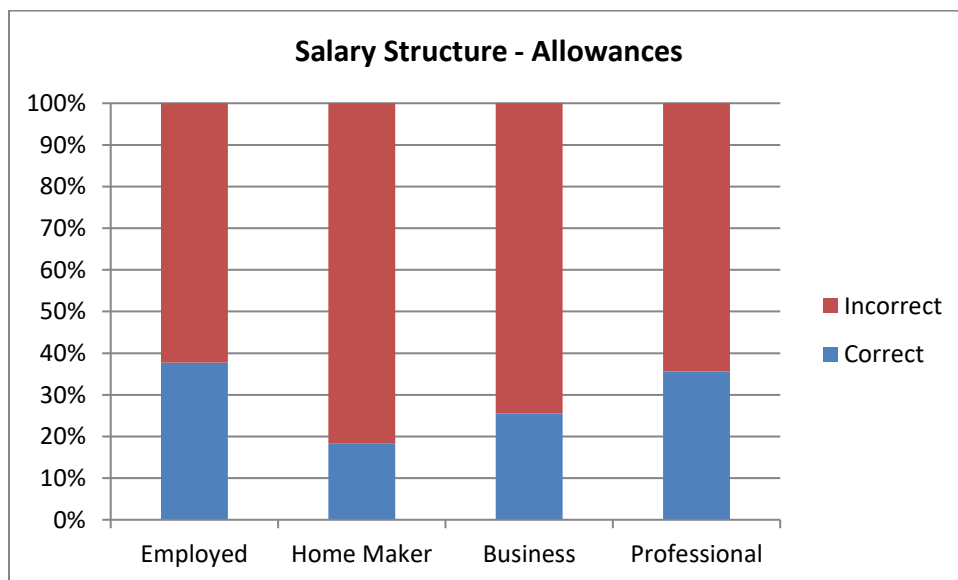
Based on this, the researcher has presented below, the occupation-wise correctness of the responses, in those areas, where the occupation influences outcomes...



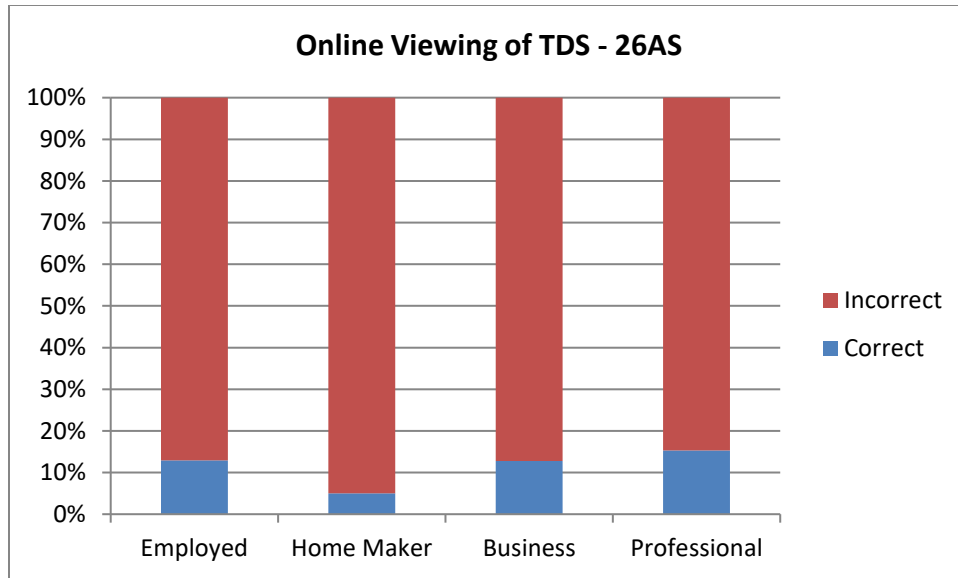
The provision related to the rate of LTCG on Share trading was introduced in the recent budget of 2018. Yet, almost 60% respondents are not able to give correct answers. What is more indicative is that the level of awareness is lowest in case of Home-makers. This is a clear indication of need for capital market literacy amongst women.



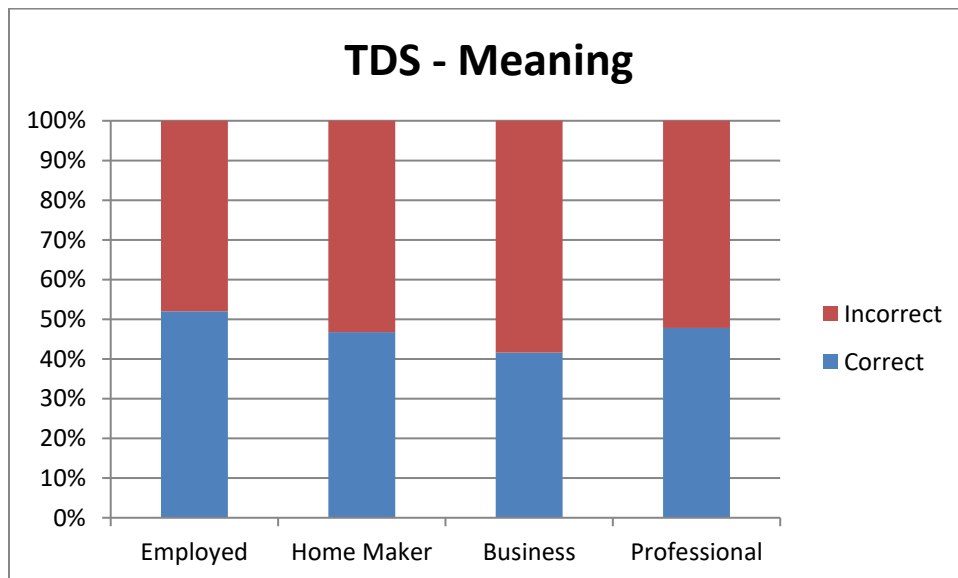
Mediclaim is another area, wherein recent amendments were made. Home makers ought to know better about this, since they will be in financially difficult situation, when the monetarily earning member of the family needs prolonged medical treatment. Yet, once again, the literacy amongst home makers is considerably low in this area as well.



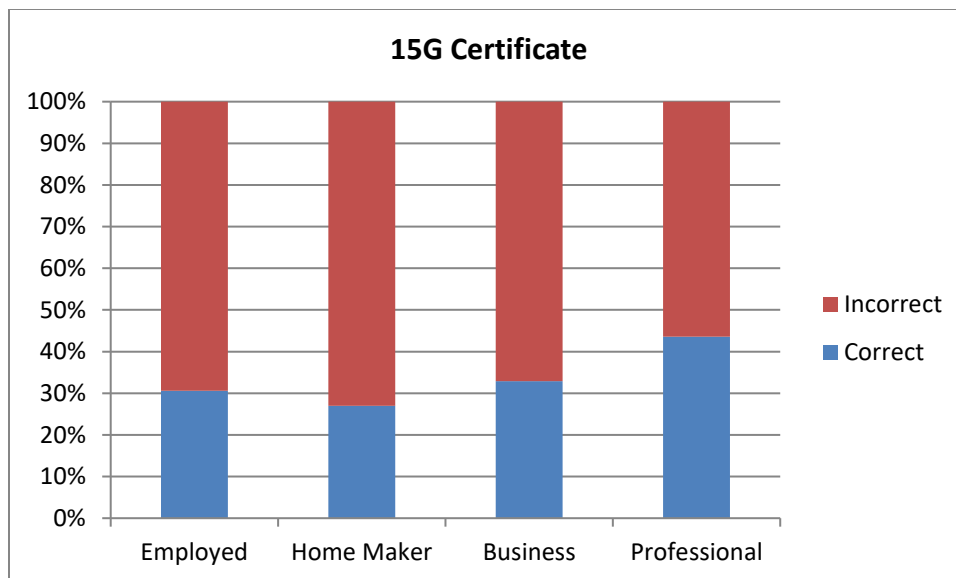
Since this question is related exclusively to salary, it is no wonder that the highest proportionate correct responses are from the salaried employees. However, the fact that more than 60% of the salaried employees are to quote even two exempt allowances clearly indicate the lack of understanding in this crucial area.



The Income Tax Department has introduced facility of online viewing of Tax deducted at source, for the person of whose tax is deducted, for over 10 years now. Yet, it is alarming to see that more than 80% respondents are unaware of it. What is surprising is that even the business and professional community, which needs it most is not much aware about it. This clearly shows necessity of awareness drive in this area.



It is somewhat heartening to see that more respondents are aware that the TDS and Income tax are one and the same and the TDS is merely the Tax collected before assessment thereof. The positive responses are more or less same across all the occupations.

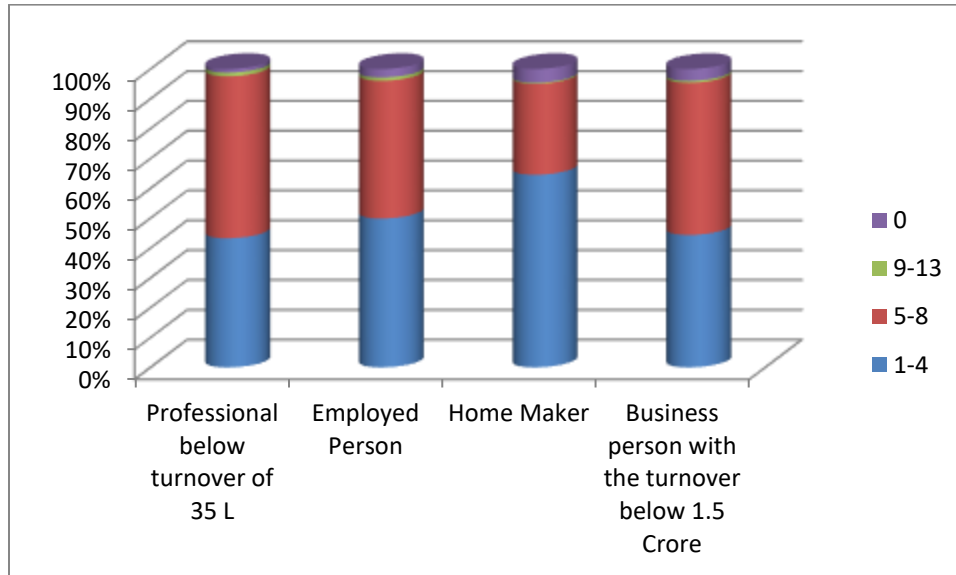


The certificate for exemption from deduction at source, i.e. 15G certificate, is a peculiar provision. It is not often required. Yet, there is a possibility that it can be utilized to save subsequent compliance. It is also possible to use it inadvertently, where the person is not required to use it. It seems that the professionals are well aware of it, as they ought to be and so is the business community. Yet, overall awareness, as in all other cases, is below 40%.

10.4 Step IV: Finally, the researcher has given one mark for each correct response and zero for the lack of it (i.e. Wrong response, Do Not Know response or no response at all.). he has calculated marks of each respondent and created three ranges of the 'Performance' of the respondents. These ranges are respondent scoring 0 marks, scoring in the range of 1 to 4, 5 to 8 or 9 to 13. This is similar to 'Class' in the results of the students. Thus, the researcher has identified four ranges of the respondents, viz. Unaware, Poorly aware, Reasonably aware and well-informed, respectively. Researcher has tried to study the attributes of the respondents vis-à-vis their understanding of the taxation provisions, in this stage.

Occupation	Marks' Range				TOTAL
	1-4	5-8	9-13	0	
Professional below turnover of 35 L	71	89	2	2	164
Employed Person	228	211	5	13	457
Home Maker	182	86	1	13	282
Businessman with the turnover below 15 Million	67	77	1	6	151
TOTAL	548	463	9	34	1054

The graphical representation of this data would give proportionate perspective...

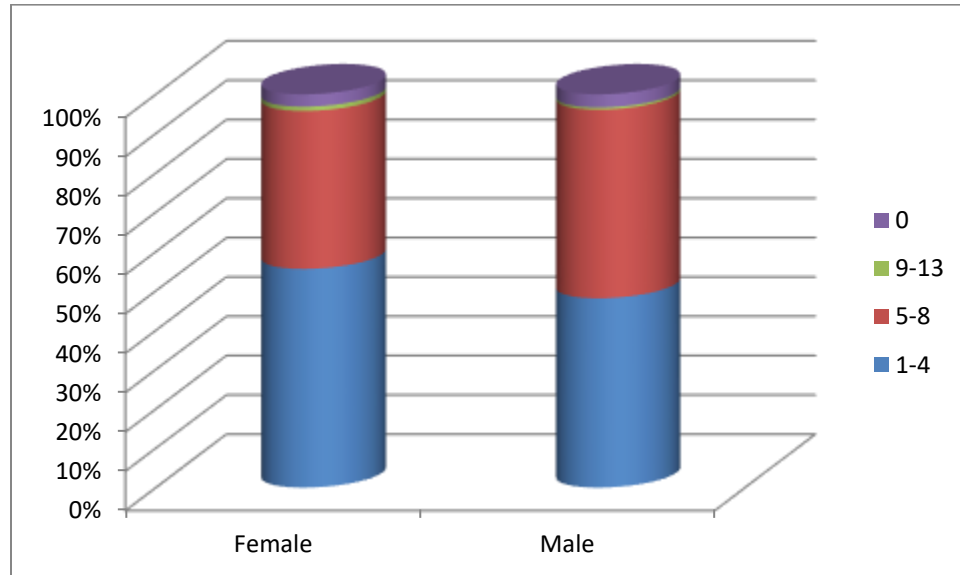


As can be seen from the aforesaid data, business persons, professionals or employees have somewhat similar distribution of performance in all the categories. Half of them have made it to 'Reasonably Aware' and similar percentage in 'Poorly Aware' range. Barely a percent or two have reached 'Well informed' range. What is more alarming is, nearly 65% of the home makers have scored in the 'Poorly Aware' range. Further, highest i.e. 4.61%, of the Home Makers have scored Zero marks or Unaware range. This clearly underlines necessity of the financial literacy and especially, tax perspective of it, in the home makers. It is socially essential that they need to seek knowledge of the provisions of the taxation that they clearly do not possess at the moment.

However, to see this data in better perspective, the researcher has also presented gender wise distribution of these ranges...

Gender	Marks Ranges				TOTAL
	1-4	5-8	9-13	0	
Female	302	218	6	17	543
Male	246	245	3	17	511
TOTAL	548	463	9	34	1054

Here is the graphical representation of the data for analysis...

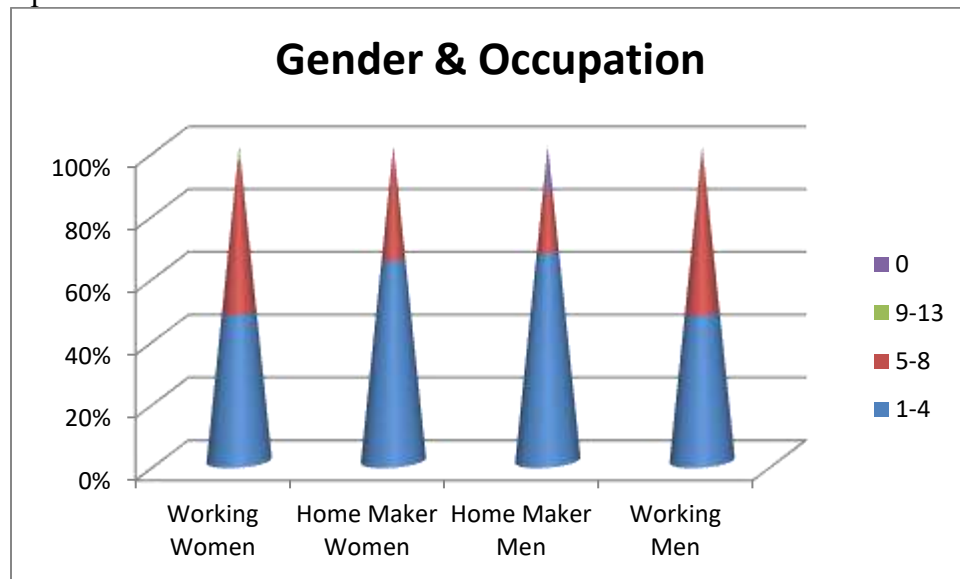


This data indicates that there is not much gap between both the genders, in terms of performance between various ranges. There is about 7% gap by which, the male respondents have more proportion in 5 to 8, i.e. 'Reasonably Aware' range. And by similar percentage, the female population exceeds in the 1 to 4, i.e. 'Poorly Aware' range. Primarily, this indicates that women lag behind the awareness of taxation as compared to men.

Yet, if we study this result, in consonance with the earlier, we can say that a working woman has better understanding of the tax provisions, than her male counterpart. This is an important outcome. This leads us to create yet another table...

Gender	Marks Ranges				TOTAL
	1-4	5-8	9-13	0	
Working Women	47.52%	48.23%	1.77%	2.48%	100%
Home Maker Women	64.37%	31.42%	0.38%	3.83%	100%
Home Maker Men	66.67%	19.05%	0.00%	14.29%	100%
Working Men	47.35%	49.18%	0.61%	2.86%	100%

Graphical depiction of this table...



This clearly shows that the percentage of working men and women in each category is nearly same. What is pulling down the result for women is the Home Maker category. This outcome further indicates that the need for awareness is more amongst Home-Maker women rather than women in general. Women, engaged in monetary activity, are seen to be having a good understanding of the taxation provision, as their male counterparts.

FINDINGS AND RECOMMENDATIONS

The Analysis of data and interpretation of the outcomes leads the researcher to following findings...

1. Awareness about the taxation provisions, amongst the middle class in western suburbs, is generally low.
2. Home makers usually have lowest awareness levels in all the occupations.
3. An individual usually knows only half of the tax provisions, which she/he is ought to know.
4. Tax awareness in different areas is different. In some areas, it is greatly lacking and in some others, it is reasonably well.
5. A woman, undertaking monetary earning activity, has better awareness of taxation provisions.

Based on these findings, the researcher recommends that...

1. An extensive drive for Tax Literacy is required on the part of Income tax Department.
2. Educational structures, especially at school level, should make conscious efforts to promote understanding of basic tax paradigm.
3. Professional Institutions such as Institute of Chartered Accountants of India, should aggressively participate in educating the earning members about tax provisions.
4. Social movement should not overlook the angle of financial literacy in their women empowerment programs, especially focusing Home Makers.

LIMITATIONS

The researcher acknowledges that this research has following limitations...

1. The data has been collected in restricted geographic area
2. The areas selected for questionnaire could have been more comprehensive.
3. Periodic study on the same respondents may give better results.
4. The sample may not be representative.

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