

# A COMPARATIVE ANALYSIS OF TAX SAVING PATTERN AMONG CENTRAL GOVERNMENT AND STATE GOVERNMENT EMPLOYEES IN MADURAI ZONE

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## ABSTRACT

*The word Tax comes from the Latin word Taxove and Taxove means to estimate appreciate or value. Tax planning is an essential part of one's financial planning. An efficient Tax planning helps in reducing the tax burden to the minimum. The study on comparative analysis of Tax saving pattern among central government and state government employees. The aim of this paper is to find the differences among the tax saving pattern of central government and state government employees. And to know about the exemptions, deductions, allowances, and tax rebates under the Income Tax Act 1961. This paper will be helpful to know the lawful ways of reducing tax payment. This project will help to reduce the tax burden of the central government and state government employees.*

*Keywords: : Taxation, Tax Planning.*

## INTRODUCTION

People look at Tax as an unnecessary burden and many of them find it unjust to pay more Tax as their income increases.

## **TAX PLANNING**

Tax planning can be defined as an arrangement of one's financial affairs in such a way that without violating in any way the legal provisions, full advantage is taken of all exemptions, deductions, concessions, rebates, allowances and other reliefs and benefits permitted under the Income Tax Act. So that we can reduce the burden of Tax as far as possible. Tax planning may be considered as using one's expert knowledge for planning financial affairs with a view to secure the tax benefits provided on the basis of national priorities in keeping with the judicial and legislative opinion.

It refers to the ability of the Tax payer to manage the personal taxation issues like Tax liability computation, Tax savings, and payment of taxes on time and timely filing of Tax returns. Tax planning can be done through appropriate savings and investment decisions.

## **TAXATION**

Taxation may be considered as a complex matter which affects the financial planning of each individual income tax assessee. Taxation have to be a helping hand for the overall development of the nation.

## **OBJECTIVES OF THE STUDY**

1. To study the components of income of the salaried employees.
2. To collect data regarding the income and savings pattern of central government and state government employees in Madurai Zone.
3. 3. To analyze the similarities and differences among Central Government and State Government employee's Tax saving pattern.

## **SIGNIFICANCE OF THE STUDY**

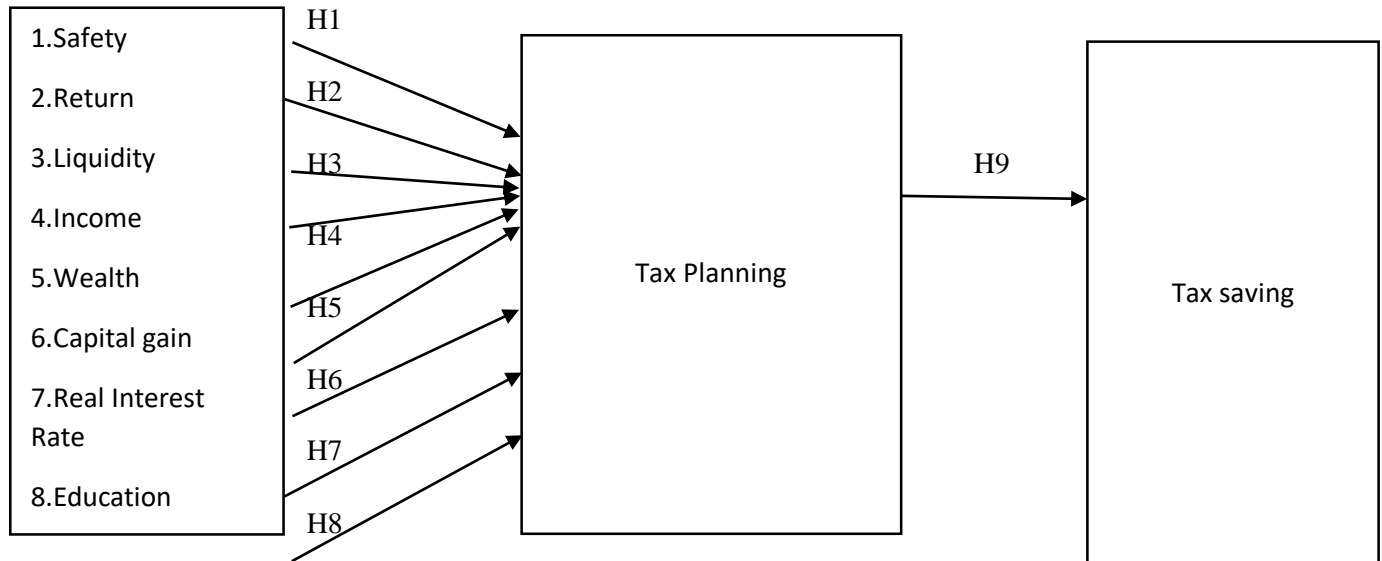
Tax is considered as an unnecessary burden and most of the people don't want to pay more Tax as their income increases. So Tax planning can be done to reduce the burden of Tax. Proper Tax planning helps in saving Tax. It reduces the tax liability of an individual through proper savings and investment decisions. Taxation stimulates the salaried individuals to make investment planning. This study will explore the savings and investment pattern used by the central Government and State Government employees to save tax. This will also help to know about the similarities and differences among the Central Government and state government employee's Tax saving pattern.

## VARIABLES OF THE STUDY

### Variables of savings pattern

1. Income - This variable has been chosen from the study called Factors affecting saving and investment behavior of the teachers done by Kumar Asmita, Satya prakash and Kritika (2018)
2. Education - This variable has been chosen from the study called Factors affecting saving and investment behavior of the teachers done by Kumar Asmita, Satya prakash and Kritika (2018)
3. Wealth - This variable has been chosen from the study called Factors affecting saving and investment behavior of the teachers done by Kumar Asmita, Satya prakash and Kritika (2018)
4. Capital gain - This variable has been chosen from the study called Impact of demographic factors on saving and investment pattern of bank employees in Aizawl done by Rajkumar Giridhari singh
5. Real Interest Rate - This variable has been chosen from the study called The determinants of savings - An Empirical evidence from pakistan done by Shuaib Ahmed(2015)
6. Variables of Investment Pattern
7. Safety - This variable has been chosen from the study called Factors affecting saving and investment behavior of the teachers done by Kumar Asmita, Satya prakash and Kritika (2018)
8. Returns - This variable has been chosen from the study called Factors affecting saving and investment behavior of the teachers done by Kumar Asmita, Satya prakash and Kritika (2018)
9. Liquidity - This variable has been chosen from the study called Factors affecting saving and investment behavior of the teachers done by Kumar Asmita, Satya prakash and Kritika (2018)
10. Tax Saving - This variable was selected from the study called Impact of demographic factors on savings and investment pattern of bank employees in Aizawl done by Rajkumar Giridhari singh
11. Capital gain - This variable was selected from the study called Impact of demographic factors on savings and investment pattern of bank employees in Aizawl done by Rajkumar Giridhari singh

## MODEL OF THE STYDY



## HYPOTHESIS

1. There is no significant difference among the Tax saving and investment pattern of Central government and State Government employees.

H1-There is no association between the safety and Tax saving pattern of Central government and State Government employees.

H2- There is no association between the return and Tax saving pattern of Central government and State Government employees.

H3- There is no association between the liquidity and Tax saving pattern of Central government and State Government employees.

H4- There is no association between the income and Tax saving pattern of Central government and State Government employees.

H5- There is no association between the wealth and Tax saving pattern of Central government and State Government employees.

H6- There is no association between the capital gain and Tax saving pattern of Central government and State Government employees.

H7- There is no association between the Real Interest Rate and Tax saving pattern of Central government and State Government employees.

H8- There is no association between the Education and Tax saving pattern of Central government and State Government employees.

H9- There is no relationship between Proper Tax planning and Tax saving.

## **RESEARCH METHODOLOGY**

The research type of this study is descriptive in nature. The sampling design of the study is quota sampling. For the purpose of this study data regarding the population of Central Government and State Government employees who are filing Tax returns was collected from the Income Tax office in Madurai. And the population is 17636 Central Government Employees and 10373 State Government Employees. The sample size is 200. In that sample size 100 respondents will be Central Government Employees and another 100 respondents will be State Government Employees. This study uses Primary data. And it will be collected through a structured questionnaire from 200 respondents.

## **PROPOSED WORK**

After collecting the Primary data from the respondents it will be analyzed with the help of the MS-Excel. In that t-test and chi-square test will be used to analyze the hypothesis. And regression will be used to analyze the relationship between two variables.

## **CONCLUSION**

Based on the data that will be collected later the similarities and differences of tax saving pattern among the Central Government and State Government employees will be analyzed.

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