

A Study on Tax Saving Schemes of Section 80C

U.PADMAVATHI¹, Assistant Professor, Part-Time Research Scholar, Department of Business Management, Osmania University, Hyderabad, India. bandarupadma8@gmail.com

Prof.V.SUDHA², Professor, Department of Business Management, Osmania University, Hyderabad, India.

Abstract: Today majority of women are highly educated and drawing a handful salaries. It is important that all working women who are drawing a salary more than Rs. 3,00,000 have to pay tax to Income Tax Department under Income Tax Act 1961. Government introduced many investments schemes under Section 80C of Income Tax Act 1961. The study examined benefits between and among various tax investments schemes under Section 80C of Income Tax Act 1961. It also study about the perception of investors about the tax saving schemes. In this research study applied both primary and secondary data. The statistical tool Correlation Test applied.

Key words: Schemes under Section 80C, Investments, Perception, Tax Slabs, Income.

I. INTRODUCTION

As we know that every one who is earning salary have to pay tax to Income tax department. But we can see that in almost in all Service Sectors and other Manufacturing Sectors Working Women are drawing a handful of salary. If we see in IT Sector women leaders are occupied in Top Level Management. Banking and Education

Sector also Working Women are the leaders and drawing a high salary. In this research it is focused to know about the perception of tax investments schemes. Investment a tool to reduce the tax burden to working women and by doing investments lot of benefits is like reducing of tax burden, safety, retirement benefits, and specially for girl child government introduced a postal schemes it will helpful not only to reduce tax burden but also making investment for future of girl child. A research attempt is done to know the perception of working women about the tax saving schemes.

II. REVIEW OF LITERATURE

Dr.G.Ramakrishna Reddy and P.Nagarajamma (2017) : It is observed in this paper that level of awareness of the salaried is studied. It find that most of the investor are lack of awareness about the tax saving schemes and paying advanced tax. It is suggested in this that government should create more advertisements.

Dr J.A. Sarvaiya and Dr Rajesh P Ganatra (2019): The researcher concluded that the bank while selling the tax saving products. In this paper it focused mainly on perception of the investors. It is concluded that demographic variables must take into consideration. Most of the investors investing in Bank deposit and LIC investments.

Sachin Pimple, Dr. CA Kishore Peshori (2019) : Suggested that the tax payer know their responsibility but a

lack of aware about the procedures, rules and regulations of taxation. Most of the tax payer facing the problems. It is concluded in this paper that income tax department should carry extensive awareness campaign to make the taxation procedure easier.

MS Pooja Vinod (2020): This paper focused on the research, that maximum private employee are doig investment for retirement plans and opting the LIC, Five year Bank deposits for children's education. It concluded that the major problem is lack of awareness not ready to take any high risk.

Hiral D Mehta and Dr. Jitesh Parmar (2021): The finding of the study disclosed that 12 factor are influencing for preference in 80C tax saving instruments. Majority of investors focusing on future security and child marriage. In this research paper it is concluded that most of investor are not aware about the Section 80C tax saving schemes.

III. OBJECTIVES OF THE STUDY

1. To study benefits between and among various tax investments schemes.
2. To analyze the perception of female investors towards the tax benefit schemes.

IV. HYPOTHESIS OF THE STUDY

H0: There is no significant association between the tax slabs and investment of working women.

V. SCOPE OF THE STUDY

The present study has been focused on the various tax saving investments schemes offered by the government to avail the tax exemption benefits for working women The study mainly analyze the benefits among the schemes and examine the perception about the schemes. The study has collected the primary data and secondary data from the various Selected Service Sector in Telangana.

VI. RESEARCH METHODOLOGY

The present study collected the primary data and secondary data applied for the research and primary data collected from the respondents of the selected service sectors. The study has collected the sample with the convenient sampling methodology for the determination of sample size and applied the following statistical tools for the examination of the framed objectives.

Correlations Test: The study applied the Correlation Test to know the Perception of female investors about the tax saving options

VII. OBJECTIVE OF THE STUDY

To study benefits between and among various tax investments schemes under Section 80C of Income Tax Act 1961.

1. Postal Schemes

a. Post office time deposit account : In this scheme the benefit is, it is useful to minor, adult, joint account, and it can be any number of accounts can be operated no account limit. The rate of interest is 7.5% and only 5 years of account is qualifies the tax saving benefit under section 80C. The risk rate is also low.

b. Public Provident Fund : It can be open by single adult and guardian on behalf of unsound mind person. The rate of interest is 7.1% p.a. and the account holding period is 15 years, the risk rate is low.

c. Senior Citizen Savings Scheme : This scheme is specially designed for the above age group of 60 years. It can be open by individual or spouse.(Can be extended for other 3 Years). 8.2%, 5 Years, Low

d. National Savings Certificate (VIIIth Issue) (NSC) : Under this scheme, the account can be open by an single adult, and joint account up to 3 adults, minor above 10 years. The rate of interest is 7.7%, this certificate holding period is 5 Years and the risk rate is low.

e. Sukanya Samriddhi Yojana : This scheme benefit is only for the girl child benefit. It can be operated till girl child reaches 21 years of age (partial withdrawal allowed when she reached 18 years). The rate of interest on this scheme is 8.2% p.a , It can be open by below age 10 years, the rate of risk is low.

2. Postal Life Insurance: It is introduced in both urban and rural areas. It is mainly introduced for the welfare of female employees in postal department later the schemes under postal life insurance was extended to all education institution and universities and private sector also. The tax exemption benefit qualifies in section 80C.

3. Bank Deposit (Five years Term Deposit) : Most of the investors opt for the five years fixed deposit because this scheme comes under tax save benefit. The rate of interest is high. Few banks offer a high rate of interest for general citizen and for senior citizens per annum.

4. Life Insurance Corporation Schemes : Maximum scheme under life insurance are tax saving benefit schemes such as endowment plan, whole life plans, money back plans, single premium plans, term plans, annuity plans, child plans etc. So many plans offered by the life insurance to provide a security for the public life.

5. Mutual Fund Schemes (Equity Linked Schemes) : Equity linked saving scheme is one of the best scheme among all the schemes which come under section 80C. It's locking period is very less such as 3 years and rate of interest is nearly 12% to 15% percentage. Risk rate is high and return also high. It is the tax saving investment option for the investors.

6. Payment of Tuition fees to University, College, School or other Educational Institutions: This scheme is any expense for parents but at the same time is also a income because it will save the tax. Tax saving benefit for the working employees.

7. Repayment of Housing Loan including Stamp duty, Registration fee, and other expenses : It is one of the most common investment and majority of software, banks and other working employee can save the tax by investing in house. Repayment of house loan is one of tax saving benefit.

8. Subscription to certain Equity Shares or Debentures: Investing in the share and debentures also qualifies the tax benefit.

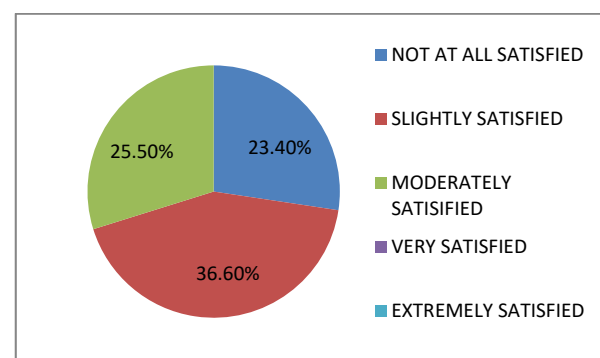
9. Bond issued by NABARD (Infrastructure Bond) : Investing in bonds is the generating and saving the money with less risk. It also useful to avail the tax benefit.

10. National Pension Scheme : This scheme is useful for the investor who is thinking for long run benefit. It is very useful after 60 years. The investment under this scheme is done till 60 years of age but only 60% of withdrawal is possible and the average rate of interest on this scheme is 8% to 10% only. The risk factor is high but the rate of return also high.

VIII. TABULATION OF DATA ANALYSIS

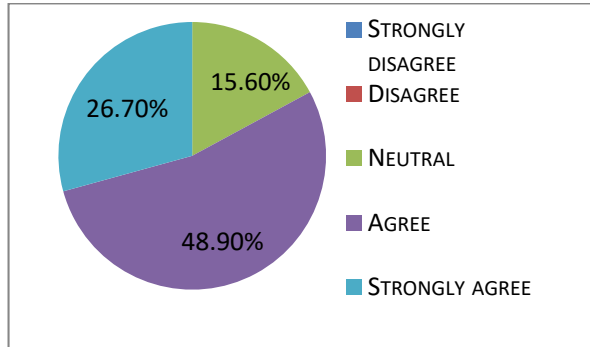
Objective – 2: To analyze the perception of female investors towards the tax benefit schemes.

a.Perception about the satisfaction about new tax slabs.



Interpretation : From the above chart it is clear that the tax slabs implemented in the new tax regime 23.4% of working women are not at all satisfied. Few working women are moderately satisfied 25.5% and majority of working women are slightly satisfied with new tax slab rate.

b. Making investment in tax saving scheme will reduce the tax burden.



Interpretation : From the above chart it is clear that making investments in tax saving scheme will useful to the investor to reduce the tax paying burden. The result shows that 15.60% of working women are neutral about the investment decision making process . Few working women are strongly agree that the tax burden 26.70% and Majority of working women are Agree with 48.90%.

c. H0: There is no significant association between the tax slabs and investment of working women.

The study analyzed the Perception about the tax slabs. The study has collected the primary data from selected sectors by working women. The study applied the Correlation test to know the is an association between the tax slabs and Investments.. The below table indicates the result of Correlation Test.

Table – 1: Correlation Test

| | | | Tax Slabs | Investment decision |
|----------------|---------------------|-------------------------|-----------|---------------------|
| Spearman's rho | Tax Slabs | Correlation Coefficient | 1.000 | .176 |
| | | Sig. (2-tailed) | | .226 |
| | | N | 49 | 49 |
| | Investment Decision | Correlation Coefficient | .176 | 1.000 |
| | | Sig. (2-tailed) | .226 | |
| | | N | 49 | 49 |

Interpretation : The above table indicates the Correlation test and the result stated that there is no correlation between Tax Slabs and Investment Decision.

IX. FINDINGS OF THE STUDY

1. From the first objective it is finds that government introduced the different schemes under different departments each scheme is having unique benefit from other schemes. Few schemes are for girl child benefit, few for senior citizen and health benefit schemes etc. The investor have to select the scheme

based on the need and benefit. It is identified that the most benefited scheme is mutual fund scheme that is equity linked saving scheme because its locking period is less and rate of return is high.

- It also identified from the second objective that the majority of investor are slightly satisfied with new tax slabs. The result show if investor opt for new tax regime, the investment for tax benefit will be reduced.
- It reveals that majority of women investor opinion is doing investment in tax saving scheme will reduce the tax burden.

X. CONCLUSION OF THE STUDY

The final conclusion of the study is each scheme is different and each scheme have different benefits few are related to girl child benefit, few for senior citizen benefit and some are related to retirement benefit, health insurance, tax exemption benefits. It is the investor have to decide which scheme should be opt. Based on the income of the investor the investment is done. Making right tax planning will reduce of tax paying burden.

XI. REFERENCES

- Ankit Goel , Parul Garg (2021), “A Comparative Study on Individual Tax Payers preference between Old vs New Tax Regime”, Empirical Economics Letters, 20 (Special Issue) (April 2021) ISSN 1681 8997.
- Tejaswini Sahoo (2020), “Tax Saving Investment Under Section 80C of Income Tax Act 1961”, International Journal of Research Culture Society, ISSN: 2456-6683, Vol.ume.4, Issue - 3, pp:.40-43.
- MS Pooja Vinod, (2020), Investment in Tax-Saving Schemes: An Overview, International Journal of Research in Engineering Technology – Volume 5 Issue 6, 2020, ISSN: 2455-1341.
- Dr.M.Priyadarsini (2019), “Awareness of Salaried Individual in Tax Planning - A study in Salem District”, Journal of Emerging Technologies and Innovative Research (JETIR), www.jetir.org, April 2019, Volume 6, Issue 4, ISSN-2349-5162,pp.342-358.
- Cheta Pinak Desai, DR. Jaydip Chaudhari, (2018), A Study on Investment Patterns of School Teacher with Respect to Surat City, International Journal of Creative Research Thoughts, ISSN: 2320-2882, Volume 6, Issue 1 March 2018, pp. 70-77.
- Manikandan A, (2017), A Perception of Investors towards the Investment Pattern on Different Investment Avenues - A Review, Journal of Internet Banking and Commerce, ISSN. 1204-5357, Jan 2017, Vol. 22, No.S7.