COMPARATIVE STUDY ON INCOME TAX PLANNING IN SLAB RATE 2019-20 & 2020-21

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ABSTRACT

Tax planning is an very important part of our financial planning. It is helpful for us to reduce our tax liability to the minimum. If we planning our tax efficiently. It is possible by legitimately taking of all tax exemption advantage, deductions rebates and allowances. The purpose of the paper is to compare the changes and benefits of income tax slabs in Assessment year 2019-20 and 2020-21 which assessment year is more beneficial.

KEYWORDS: *Income Tax, Income Tax Slab, Old Income Tax Slab, New Income Tax Slab, Comparison.*
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Introduction
Income Tax

An income tax is a tax that government received on income generated by an businesses and individuals within their rights. It is a government rule that every tax payers must file an income tax return annually to determine their tax duty. These taxes are a source of revenue for government. Government collects all the taxes from businesses and individual and used to fund public service, pay government duties, and provide goods for citizens. Many investments, like housing authority bonds, tend to be exempt from income taxes.

Income Tax Slab

According to the income tax Act 1961 that income tax is system or laws divide income tax payers into different – different grouping as per their taxable income and levy income tax at different – different rates. These grouping are called income tax slab. The tax exemption basic limit for an individual depends on age and residential status for exemption, if the taxpayer is below 60 years and has an income up to Rs. 2.5 lakh, then there is no income tax or nill income tax law, as individual with taxable income more than Rs. 2.5 lakh are exempt from income tax according to government tax slab law.

Old Income Tax Slab Rate

Income tax slab rate for below 60 years of age

Income Tax Slab	Income Tax Rate
Income upto 2,50,000	Nil
Income between Rs. 2,50,001- RS. 5,00,000	5%
Income between Rs. 5,00,001 - RS. 10,00,000	20%
Income above Rs. 10,00,000	30%

Add Surcharge: 10% of tax when total income more than Rs.50 Lakh

15% of tax when total income more than Rs.1 crore

Cess: 4% of tax plus surcharge Health and education

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Income tax slab rate for senior citizen (Age 60 years or more but less than 80 years)

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Income upto 3,00,000	Nil
Income between Rs. 3,00,001- RS. 5,00,000	5%
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Income Tax Slab	Income Tax Rate
Income upto 2,50,000	Nil
Income between Rs. 2,50,001- RS. 5,00,000	5%
Income between Rs. 5,00,001 - RS. 7,50,000	10%
Income between Rs.7,50,001 – Rs. 10,00,000	15%
Income between Rs.10,00,001- 12,50,000	20%
Income between Rs.12,50,000 – 15,00,000	25%
Income above Rs. 15,00,000	30%

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Comparison between in Old Income Tax Slab and New Income Tax Slab

Income (Rs.)	Old Rate	Tax Amount	New Rate	Tax Amount	Remark
UptoRs. 2.5 Lakh	Nil	Nil	Nil	Nil	
Rs. 2.5 Lakh – RS. 5 Lakh	Nil	Nil	Nil	Nil	If net taxable amount < Rs.5 Lakh
Rs. 2.5 Lakh – RS. 5 Lakh	5%	12,500	5%	12,500	If net taxable amount > Rs.5 Lakh
Rs. 5 Lakh – Rs. 7.5 Lakh	20%	50,000	10%	25,000	
Rs. 7.5 Lakh – Rs. 10 Lakh	20%	50,000	15%	37,500	
Rs.10 Lakh – Rs.12.5 Lakh	30%	75,000	20%	50,000	
Rs.12.5 Lakh – Rs.15 Lakh	30%	75,000	25%	62,00	
More than 15 Lakh	30%		30%		
Exemption and Deduction	Yes		No		

Gross Income Rs. 15,00,000/-
Compute Tax

Particular	High Deduction	Low Deduction
Gross Income	15,00,000	15,00,000
HRA exemption	3,60,000	Nil
Standard Deduction	50,000	50,000
Loss from house property	Nil	Nil
Gross Total Income	10,90,000	14,50,000
Deduction under sec. 80C	1,50,000	Nil
Deduction under sec. 80D	50,000	Nil
Net Taxable Income	8,90,000	14,50,000
Tax @ old slab	1,14,920	2,57,400
Tax @ new slab	1,95,000	1,95,000
Gain / loss under new slab	-80,080	62,400

Objectives of the Study

The take a look at became conducted with the following targets:

- To evaluate the tax reforms being added via the Government in admire of Income Tax Laws and verify its impact at the salaried magnificence.
- To verify the efficiency of the executive equipment for series of earnings tax and control of taxation matters as in line with the Income Tax Act.
- To apprehend and examine the tax making plans measures being followed via the salaried elegance of the State.
- To examine whether or not there may be large differences within the tax making plans measures followed by using unique segments of the salaried class of the State, based on degree of profits and form of agency.
- To verify the level of consciousness of the salaried class on diverse tax planning measures available beneath the Income Tax Act.
- To analyze the effect of tax making plans on financial savings conduct and funding sample of the assesses belonging to the salaried elegance.

Literature Review

Taxation Policy has been a widely debated issue everywhere in the world. A massive wide variety of research have been performed masking extraordinary components of income tax structure including personal earnings tax, capital gains taxation, agricultural taxation, performance of earnings tax administration and so on. Over time. In this chapter, the to be had literature turned into studied to get an insight into the main goals of the have a look at. The review of literature is restricted to India handiest as profits tax prison frame paintings, reports of critical committees constituted by Government of India have additionally been reviewed. A short assessment of applicable research in this regard is given below:

Indian Taxation Enquiry Committee (1924) became appointed by way of Government of India to study the load of taxation on distinct training of human beings, equity of taxation and to indicate opportunity resources of taxation under the chairmanship of Charles Todhunter. The committee advocated the subsequent measures for improvement in taxation of income:

- Loss sustained in three hundred and sixty five days must be allowed to carry forward and setoff inside the next year.
- The income of married couples have to be taxed on the charges applicable to their mixture earnings.
- In case private groups are shaped only for tax avoidance by using with conserving dividends, then such agencies need to be handled as firm. Fifty one
- The officer must be authorized to compute liabilities of unregistered firm as if it have been registered in some precise instances if he thinks it reasonable.

Taxation Enquiry Commission (TEC) (1953-54) headed through John Matthai was installation to review the tax structure in India. It executed an in-intensity take a look at of the important taxes and their management. It recommended widening and deepening the tax shape each on the Centre and the State degree for the cause of financing improvement outlay and lowering massive inequalities of earnings. It additionally endorsed for imparting tax incentives for manufacturing and investment and periodic appraisal of equal. Further, the commission additionally advocated the financing of small research sections in decided on research institutions by means of the authorities.

Ph.D Theses

a. Eranna M. In his thesis entitled as 'Evaluation of Tax Administration Machinery below the Income-Tax Act, 1961' has studied the regions of weaknesses within the existing tax management machinery and had counseled that the Income-Tax Department is a especially human interactive branch of the Government, so it can do not forget organizing metropolis, nearby and countrywide degree training courses for its employees at exceptional administrative hierarchy to impart them in human members of the family competencies.

He in addition said that the Income-Tax Act, 1961, is the modified version of its predecessor 1922 Act, the language is trapped in a traditional criminal verbiage and the tax collectors as well as tax-payers are fated to abide with the aid of it. The severa income-tax handbooks published by means of

personal individuals also mirror the equal overtones and consequently, are understood handiest by the tax practitioners' fraternity. The least the branch can do is to submit authoritative 'Income-Tax Manuals inside the local languages for the use of the ordinary taxpayers. The aim need to be 'tax instructing' the smallest tax-payers so that his direction to the Income-Tax office does not must cross via a tax practitioners' office.

M.Phil Dissertations

Desai G.D., in her dissertation entitled 'A Review of Direct Tax Reforms in India' has took a inventory of the reforms initiated by way of the Government on occasion and examined and evaluated the achievements in this region. Thereafter cautioned to deviate from the normative concept of taxing incomes to presumptive tax system in order to attract new tax-payers into the tax net.

Dharmadhikari M. R. In her dissertation entitled 'Procedure for Collection and Recovery of Taxes below Income-Tax Act, 1961', has significantly examined the statutory provisions beneath the Income-Tax Act, 1961, regarding the collection and recovery of tax and the relevant case-regulation in recognize of the gathering and recovery of tax. She has encouraged to simplify the layout of tax contraptions, with fewer taxes and less changes to the base in addition to to strengthen tax administration to enhance series and facilitate the shift in the tax shape from reliance on higher tax charges to reliance on broader tax base and to keep away from taxing the negative.

Santhana Kumar S. In his article 'Professional Opportunities for C.A.S in Information Technology Sector' discusses the position of C. A. In economic reporting, taxation, great of provider, internet-primarily based absolutely and net enabled applications, verbal exchange and band width excellent of IT employees and plenty of others. He in addition discusses the primary issues of such specialists in facts protection, rising necessities, e-governance and the location of C.A.S in machine development existence cycle and many others. And indicates that he can offer offerings in choice of packaged software program application for small and medium sized customers.

Research Methodology Adopted

The comparative on income tax slab 2019-20 and 2020-21 is basically an exploratory studies. As such, which will acquire involved primary records, survey and remark methods are used. In order to evaluate the belief of the person, firm and employer assesses, a separate questionnaire is prepared for every type of assesses and administered. This is a descriptive sort of research. Therefore easy varieties of statistical strategies consisting of average, percentage etc. Are used to investigate the records.

- **Data Collection**

Survey method of research is used for the existing take a look at. The statistics is accrued by way of using number one & secondary resources. A.

- **Primary Data**

Primary statistics is gathered through using questionnaire and statement. Formal and informal discussions also are held with the officers of Department of Income-Tax.

- **Questionnaire:** Primary facts is gathered through administering questionnaire to the profits-tax experts in addition to to the tax-payers i.E. Man or woman, partnership company & employer assesses within the region. For the cause four separate questionnaires for tax specialists, individual, firm and company assesses are organized and administered. Questionnaires are prepared by retaining in view the main targets of the research. While getting ready the questionnaires, proper care has been excited about regard to the exceptional elements which play a primary function within the service enterprise, specifically in earnings-tax consultancy.

- **Observations:** In order to have an independent facts in regards to all of the components of the examine, the researcher organized an commentary schedule concerning every & every component contained in the questionnaire. With this commentary schedule, non-public visits are arranged to income-tax specialists in addition to person, company & business enterprise assesses in Sangli-Miraj-Kupwad business enterprise location. The commentary is earmarked as a result.

- **Formal & Informal Discussion:** The government immediately & circuitously related with profits-tax consultancy offerings as well as assesses under have a look at are contacted & formal & informal discussions are held with them.

Secondary Data

For the observe reason the required secondary statistics is accumulated by using various posted assets. The records concerning tax series, variety of assesses etc. Is accumulated through visiting diverse Income-Tax Offices at Kolhapur and Sangli. Some government courses are also used for countrywide and country degree facts. General taxation statistics is amassed from diverse kinds of workplace data, committee reviews and articles and books posted on the difficulty. Information associated with Institute of Chartered Accountants of India, Association of Tax Practitioners, Income-Tax Department of India and so on. Has been accumulated via the net surfing. For historic improvement of tax consultancy career in the study vicinity, the information supplied and posted via associations of the experts are used.

Data Analysis and Interpretation

Relationship between comparative study on income tax planning on between 2019-20 and 2020-21 with first 5 responses.

Descriptive Statistics

	Mean	Std. Deviation	N
Sum	32.7700	3.85299	100
Responses 2	1.1100	.31447	100
Responses 3	1.6300	.83672	100

Correlations

		Sum	Responses 2	Responses 3
Sum	Pearson Correlation	1	.305**	.465**
	Sig. (2-tailed)		.002	.000
	N	100	100	100
Responses 2	Pearson Correlation	.305**	1	.003
	Sig. (2-tailed)	.002		.979
	N	100	100	100
Responses 3	Pearson Correlation	.465**	.003	1
	Sig. (2-tailed)	.000	.979	
	N	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

Inference

- The correlation between comparative study on tax planning on 2019-20 and 2020-21 and eleventh response of competency is 0.305 which is positive correlation of medium correlation.
- The correlation between comparative study on tax planning on 2019-20 and 2020-21 and twelve response of competency is 0.465 which is positive correlation of medium correlation.

Analysis using Linear Regression

Analysis using linear regression for comparative study in tax planning in 2019-20 and 2020-21 with respect to responses 2 i.e.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.305a	.093	.083	3.68865

a. Predictors: (Constant), Responses 2

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	136.307	1	136.307	10.018	.002b
	Residual	1333.403	98	13.606		
	Total	1469.710	99			

a. Dependent Variable: Sum
b. Predictors: (Constant), Responses 2

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	28.628	1.360		21.057	.000
	Responses 2	3.731	1.179	.305	3.165	.002

a. Dependent Variable: Sum

Inference

We note that the intercept slope terms are 28.628 and 3.731 respectively. This shows that if the responses are raised by 3.731 then all factor of income tax slab rate improved and the tax payer benefits increase by 28.628. The value of t-statistic is corresponding to coefficient of sum of responses 2 is 3.165 keeping level of significance (a) to be 5%. The table value is 1.98 where the computed value is 3.165 which is higher than the tabulated value thus we can say that correlation coefficient is significant and the responses 2 i.e. **cognitive flexibility to imagine alternative strategic logics** is higher in entrepreneurial teams.

The value of r^2 is 0.093 which means that 9.3% of variation in the comparison on income tax slabs is explained by mode of competence. The computed value of F is 10.018 at 5% significance level. The tabulated value for $_{148}F^1$ at 5% level is 3.90. As our F value is 10.018 and this is very high with respect to tabulated value which means that hypothesis is accepted. Analysis using linear regression for comparative study in tax planning in 2019-20 and 2020-21 with respect to responses 2 i.e.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.465a	.216	.208	3.42795

a. Predictors: (Constant), Responses 3

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	318.126	1	318.126	27.073	.000b
	Residual	1151.584	98	11.751		
	Total	1469.710	99			

a. Dependent Variable: Sum
b. Predictors: (Constant), Responses 3

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	29.278	.754		38.849	.000
	Responses 3	2.142	.412	.465	5.203	.000

a. Dependent Variable: Sum

Inference

We note that the intercept slope terms are 29.278 and 2.142 respectively. This shows that if the responses are raised by 2.142 then all factor of income tax slab rate improved and the tax payer benefits increase by 29.278. The value of t-statistic is corresponding to coefficient of sum of responses 3 is 5.203 keeping level of significance (a) to be 5%. The table value is 1.98 where the computed value is 5.203 which is higher than the tabulated value thus we can say that correlation coefficient is significant and the responses 3 i.e. **cognitive flexibility to imagine alternative strategic logics** is higher in entrepreneurial teams.

The value of r^2 is 0.216 which means that 21.6% of variation in the comparison on income tax slabs is explained by mode of competence. The computed value of F is 27.073 at 5% significance level. The tabulated value for $_{148}F^1$ at 5% level is 3.90. As our F value is 27.073 and this is very high with respect to tabulated value which means that hypothesis is accepted.

Findings

- Mostly people are come in under income tax.
- People are aware with the income tax and they are filling their income tax to the government.
- Maximum people are happy with the new income tax rate slab.
- Maximum people are come in under less than 5 lakhs income.
- Some people are facing problem to calculate the income tax by new tax method and rate.
- People are taking more interest in the new tax rate slab comparison old tax rate slab.
- According to the survey I find that new tax rate slab is saving more tax comparison old tax rate slab.

Conclusion and Recommendation

- After comparison new income tax rate with old income tax rate we find that old income tax rate is beneficial for below 5 lakh income tax payer and new income tax rate is beneficial for more than 5 lakh income tax payer.
- We also find that both income tax rate save tax payer money after comparison both income tax rate and we find that by the research that mostly tax payer come under below 5 lakh income tax slab rate.

From the above computation and result we concluded that all the responses are significantly correlated with comparative study on income tax slab rates factor. Hypothesis H1(b) is accepted for responses 2,3,5,6,8,9,11,12,14 and15.

Recommendation

- People or tax payer those who come in under less than 5 lakhs income they should use the old income tax rate slab.
- Those who are come in under more than 5 lakhs income they should use the new income tax rate slab.

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