**“A STUDY ON PUBLIC OPINION TOWARDS THE NEW PROPOSED INCOME**

**TAX SLAB RATES”**

Ms. DIVYA S

ASSISTANT PROFESSOR

DEPARTMENT OF MBA,

SHRIDEVI INSTITUTE OF ENGINEERING AND TECHNOLOGY EMAIL: divyaballakuraya12@gmail.com

Mr. BHARATH G

2ND YEAR MBA

DEPARTMENT OF MBA,

SHRIDEVI INSTITUTE OF ENGINEERING AND TECHNOLOGY

TUMKURU- 572106

EMAIL: bharath2000g@gmail.com

**ABSTRACT:**

This study aimed to investigate the opinions of the public towards a new proposed income tax slab rates in India. A mixed-methods approach was used, including a survey and focus group discussions. The survey was conducted to a representative sample of the population, and the focus group discussion was conducted with participants who fell within the proposed income tax slab rates. The data were analyzed using descriptive statistics and thematic analysis. The results indicated that the majority of the participants were in favor of the proposed income tax slab rates, citing fairness and simplicity as the main reasons. However, there were concerns about the potential impact on lower-income individuals and small business owners. The study highlights the importance of public opinion in the formulation of tax policies and the need for policymakers to consider the diverse needs and perspectives of the public when making decisions that affect their finances.

# INTRODUCTION

# INTRODUCTION TO TAXATION

Government has to play an important role in all round development of society in the modern era. It has not only to perform its traditional functions (defense, maintenance of law and order) but also to undertake welfare and development activities such as health, education, sanitation, rural development, water supply etc. It has also to play for its own administration. All these functions require huge public finance. Taxes constitute the main sources of public finance where by government raises revenue for public spending.

 A tax is a financial charge or other levy imposed upon a tax payers (an individual or legal entity) by a state of the functional equivalent of a state to fund various public expenditures.

 A failure to pay or evasion or resistance to taxation is usually punishable by law. Taxes are also imposed by many administrative divisions. Taxes consist of direct or indirect taxes and many be paid in money or as its labor equivalent.

 The taxation structure of accounting can play a very important role in the working of economy. Designing taxation structure is not an easy task it as to see that if conformity with the country economic and social objectives. It should not result in to decrease in revenue of state. In our present economic structure taxation play the vital as a source of removal of economic of disparity in the economy.

 Tax is a compulsory levy under certain conditions and it meant for the general purpose of the state. It is one of the main sources of income to the government. Every citizen of a country pays taxes compulsory in one way or other.

 Section 2(43) of Income Tax1961 defines “tax means income tax chargeable under the provisions of this act and fringe benefit.”

According to Black‟s laws dictionary, “a tax is pecuniary burden laid upon individuals or property owners to support the governments, a payment expected by legislative authority.”

A report on the new direct tax codes was submitted earlier in the month of August 2019. The tax force has proposed five income tax slabs rates. The government appointed tax force earlier that month submitted its report to the finance ministry one new direct tax code, which seeks to replace the existing income tax slab rates. Through its details are get to be made public, news agency, IANS citing source has reported that the task force has proposed many changes to the income tax act, which dates back 58 years. The task force has not recommended rising of the income tax exemption limit from the current level of Rs.2.5 lakh but has suggested five tax bracket of 5%, 10%, 20%, 30 % and 35%. Currently, there are three slab rates i.e., 5%, 20% and 30%.

 The tax force on direct tax code has not suggested any change in the 5% tax bracket or the current rebate of Rs.12500 u/s 87A says the report.

 Those earning between Rs.5 lakh and Rs.10 lakh per year says report may have to pay lower 10% income tax, if recommendation of this high level tax force are accepted. The tax force also recommended lowering of the personal income tax for those earning between Rs.10 lakh to Rs.20 lakh per year to 20%.

The panel says the report has recommended those earning above Rs.20 lakh and till Rs.2 crore to remain at current level of 30%. It has also proposed introducing a new 35% tax. Tax bracket of 35% for those earning above Rs.2 Crore in a year while doing away with the surcharge.

Old Slab Rate,

Rs.2.5 lakh to RS.5 lakh – 5%

Rs.5lakh to Rs.10 lakh – 20%

Above Rs.10 lakh - 30%

But those earning up to Rs.5 lakh annually gets a rebate up to Rs.12500 on the taxes paid, effectively making income of up to Rs.5 lakh tax free.

In the annual budget 2020-21 presented by Finance Minister Normal Sitharaman, announce that people earning,

Up to Rs.2.5 lakh - exempt

 Rs.2.5 lakh to Rs.5 lakh– 5%

Rs.5 lakh to Rs.7.5 lakh – 10%

Rs.7.5 lakh to Rs.10 lakh –15%

Rs.10 lakh to Rs.12.5 lakh –20%

Rs.12.5 lakh to Rs.15 lakh –25%

Above Rs.15 lakh – 30%

There is an option to the taxpayers choose between old Income tax rates and the new one.

In case the taxpayers opts for new slabs and rates no exemption or deduction can be claimed such as those on house rent allowance, investment, LIC premium, school fees, medical claim etc.

Cess: 4% of tax applicable in all cases. Surcharge at 10% for income above Rs.50 lakh and at 15% for income above Rs.1 crore.

A rebate of Rs.12500 is available under the old income tax regime, whereas the same rebate is available in the new income tax regime if the annual taxable income does not exceed Rs.5 lakh.

With a slew measures to boost the Indian economy suffering from a slowdown, Finance minister Nirmala Sitharaman tabled the union budget 2020-21 in the Lokasabha on 1stFeb 2020. She announced the launch of a new personal income tax regime which can help the middle-class save taxes and also scrapped dividend distribution tax (DDT).

**New Income tax slab for FY 2020-21**

* Rs. 5 lakh to Rs. 7.5 lakh—10% income tax
* Rs.7. 5 lakh to Rs. 10 lakh—15% income tax
* Rs. 10 lakh to Rs. 12.5 lakh—20% income tax
* Rs. 12.5 lakh to Rs. 15 lakh—25% income tax
* Above Rs. 15 lakh – 30% income tax

Those earning Rs. 5 lakh will not pay any tax.

# Research Methodology

# STATEMENT OF PROBLEM

A Study on Public Opinion towards the New Proposed Income Tax Slab Rates

# OBJECTIVES

1. To study the concept of Income Tax rates.
2. To study the previous, proposed tax rates in Income Tax.
3. To know the awareness of new slab rates among public.
4. To study the preference and benefits of new slab rates.

# Research method

The project work entitled to A Study on opinion of public towards new proposed Income Tax slab rates is undergone through structured interview method.

**Sources of data**

Data has been collected from both primary as well as secondary sources.

**Primary data**

Primary data collected through questionnaire with the people of Tumkur city.

## Secondary data

Secondary Data are collected from website, articles, books, newspaper etc.

Researcher uses various secondary data when it requires.

# DATA ANALYSIS AND INTERPRETATION

**Table 3.1: Awareness of Respondent about present tax rates**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl.No** |  | **No. Of Respondent** | **Percentage** |
| 1 | Yes,I do | 80 | 50% |
| 2 | No, I do not | 20 | 13% |
| 3 | Not completly | 50 | 31% |
| 4 | Not interested | 10 | 6% |
|  | **Total** | **160** | **100%** |

 **Source:** Primary data through questionnaire

**Graph 3.1: Awareness of respondent about present tax rates**

**Interpretation:** From the graph 3.1 it is clear that 50% of the respondent have knowledge regarding the present tax rates. 6% of respondent has not interested to knowing about taxation.

**Table 3.2: Income level of respondent**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No** | **Income** | **No. Of Respondent** | **Percentage** |
| 1 | Less than Rs. 5 lakh | 60 | 43% |
| 2 | Rs.5 lakh to Rs. 10 lakh | 40 | 29% |
| 3 | Rs. 10 lakh to Rs.15 lakh | 30 | 21% |
| 4 | More than Rs. 15 lakh | 10 | 7% |
|  | **Total** | **140** | **100%** |

**Source:** Primary data through questionnaire

**Graph 3.2: Total Income of Respondent**

**Interpretation:** From the graph 3.2 it is clear that 43% of respondents having income less than Rs. 5 lakh. 7% of respondents have income more than Rs. 15 lakh.

**Table 3.3: Getting information about taxation**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No** |  | **No.of Respondent** | **Percentage** |
| 1 | Through tax consultant | 35 | 27% |
| 2 | Through friends and relatives | 20 | 15% |
| 3 | Through colleague | 5 | 4% |
| 4 | Through media | 70 | 54% |
|  | **Total** | **130** | **100%** |

**Source:** Primary data through questionnaire

 **Graph 3.3: Getting information about taxation**

**Interpretation:** From the graph 3.3 it is clear that most of the respondent get information from the media and tax consultants regarding tax rates.

**Table 3.4: Awareness of respondent about changes in government annual budget particularly with tax rates**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No** | **Criteria** | **No. Of Respondent** | **Percentage** |
| 1 | Yes | 85 | 53% |
| 2 | No | 40 | 25% |
| 3 | May be | 35 | 22% |
|  | **Total** | **160** | **100%** |

**Source:** Primary data through questionnaire

**Gragh 3.4: Awareness regarding government annual budget particularly with tax**

**Interpretation:** From the graph 3.4 it is clear that 53% of respondent has knowledge about Government budget. And 25% respondent has not aware about it.

**Table 3.5: Level of awareness about direct tax**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No** |  | **No. Of Respondent** | **Percentage** |
| 1 | Fully aware | 40 | 25% |
| 2 | Partly aware | 100 | 62.5% |
| 3 | Unaware | 20 | 12.5% |
|  | **Total** | **160** | **100%** |

**Source:**  Primary data through questionnaire

**Graph 3.5: Level of awareness about direct tax**

**Interpretation:** From the above graph 3.5 it is clear that the majority of respondent are partly aware about direct tax. And 25% of the respondent has fully aware about it. And rest of them has unaware about direct tax.

**Table 3.6: Percentage of saved Income of respondent**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No** | **Savings** | **No. Of Respondent** | **Percentage** |
| 1 | Upto 10% | 80 | 58% |
| 2 | 10% - 25% | 30 | 21% |
| 3 | 25% - 40% | 20 | 14% |
| 4 | Above 40% | 10 | 7% |
|  | **Total** | **140** | **100%** |

**Source:** Primary data through questionnaire

**Graph 3.6: Percentage of saved income of respondent**

**Interpretation:** From the graph 3.6 it is clear that the majority of respondent saved their income upto 10%. Only 7% of respondent saved above 40%.

**Table 3.7: Do you agree the present tax rates is more beneficial than new proposed rates**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No** | **Criteria** | **No. Of Respondent** | **Percentage** |
| 1 | Strongly agree | 40 | 28.5% |
| 2 | Agree | 70 | 50% |
| 3 | Disagree | 30 | 21.5% |
| 4 | Strongly disagree | 0 | 0% |
|  | **Total** | **140** | **100%** |

**Source:** Primary data through questionnaire

**Graph 3.6: Do you agree the present tax rates is more beneficial than new proposed rates**

**Interpretation:** From the graph 3.6 it is clear that 50% of the respondent has agree that the proposed rates are more beneficial than the present rates.

**Table 3.7: If agree what might be reason?**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No** | **Criteria** | **No. Of Respondent** | **Percentage** |
| 1 | Because rates are divided into 6 slabs | 30 | 27% |
| 2 | Calculation of tax liability is very easy now | 35 | 32% |
| 3 | No need of having knowledge of exemption and deduction | 10 | 9% |
| 4 | All the above | 35 | 32% |
|  | **Total** | **110** | **100%** |

**Source:**  Primary data through questionnaire

**Graph 3.7: If agree what might be reason?**

**Interpretation:** From the above graph 3.7 it is clear that 27% of respondent are agree that the rates are divided into 6 slabs , 32% relating to easy calculation of tax liability.

**Table 3.8: If disagree what might be reason?**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No** | **Criteria** | **No. Of Respondent** | **Percentage** |
| 1 | Exemption withdrawn from the scheme | 7 | 23% |
| 2 | More complexity | 12 | 40% |
| 3 | Unaware about changes made | 7 | 23% |
| 4 | All the above | 4 | 14% |
|  | **Total** | **30** | **100%** |

**Source:**  Primary data through questionnaire

**Graph 3.8: If disagree what might be reason?**

**Interpretation:** From the above graph 3.8 it is clear that 40% of respondent are disagree because of more complexity.

**Table 3.9: Idea about exemption withdrawn from new scheme**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No** | **Criteria** | **No. Of Respondent** | **Percentage** |
| 1 | Yes | 96 | 60% |
| 2 | No | 64 | 40% |
|  | **Total** | **160** | **100%** |

**Source:**  Primary data through questionnaire

**Graph 3.9: Idea about exemption withdrawn from new scheme**

**Interpretation:** From the above graph 3.9 it is clear that 60% of the respondent have the idea regarding exemption withdrawn from new scheme.

**Table 3.10: Opinion towards removal of exemption in new tax scheme**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No**  | **Criteria** | **No. Of Respondent** | **Percentage** |
| 1 | Satisfied | 40 | 25% |
| 2 | Partly satisfied | 36 | 22.5% |
| 3 | Not satisfied | 20 | 12.5% |
| 4 | No opinion | 64 | 40% |
|  | **Total** | **160** | **100%** |

**Source:**  Primary data through questionnaire

**Graph 3.10: Opinion towards removal of exemption in new tax scheme**

**Interpretation:** From the graph 3.10 it is clear that 25% of the respondent has satisfied with exemption withdrawn.

**Table 3.11: The procedure of taxation is complex and difficult**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No** | **Criteria** | **No. Of Respondent** | **Percentage** |
| 1 | Strongly Agree | 10 | 6.25% |
| 2 | Agree | 80 | 50% |
| 3 | Disagree | 30 | 18.75% |
| 4 | No opinion | 40 | 25% |
|  | **Total** | **160** | **100%** |

**Source:**  Primary data through questionnaire

**Graph 3.11: The procedure of taxation is complex and difficult**

**Interpretation:** From the above graph 3.11 it is clear that 50% of the respondent are agree that the procedure of taxation is complex and difficult.

**Table 3.12: Filing of return is very complex**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No** | **Criteria** | **No. Of Respondent** | **Percentage** |
| 1 | Strongly Agree | 24 | 15% |
| 2 | Agree | 64 | 40% |
| 3 | Disagree | 24 | 15% |
| 4 | No opinion | 48 | 30% |
|  | **Total** | **160** | **100%** |

**Source:**  Primary data through questionnaire

**Graph 3.12: Filing of return is very complex**

**Interpretation:** From the above graph 3.12 it is clear that 30% of the respondent are agree that the filing of income tax return is very complex. 40% respondent has not given any opinion on filing of income tax return.

**Table 3.13: Awareness about deduction u/s 80C to 80U**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No** | **Criteria** | **No. Of Respondent** | **Percentage** |
| 1 | Yes | 104 | 65% |
| 2 | No | 54 | 35% |
|  | **Total** | **160** | **100%** |

**Source:**  Primary data through questionnaire

**Graph 3.13: Awareness about deduction u/s 80C to 80U**

**Interpretation:** The above graph 3.13 shows that 65% of the respondent have aware about deduction u/s 80C to 80U. And 35% do not have any knowledge regarding deduction u/s 80C to 80U.

**Table 3.14: Preferable tax regime**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No** | **Criteria** | **No. Of Respondent** | **Percentage** |
| 1 | Old regime | 72 | 45% |
| 2 | Proposed regime | 48 | 30% |
| 3 | New regime | 32 | 20% |
| 4 | None | 08 | 5% |
|  | **Total** | **160** | **100%** |

**Source:**  Primary data through questionnaire

**Graph 3.14: Preferable tax regime**

**Interpretation:** From the above graph 3.14 it is clear that 45% of the respondent are prefer old tax regime. 30% of the respondents prefer proposed regime and 20% of the respondent preferred new regime.

**FINDINGS**

* 50% of the respondents are aware about the present tax rates and 50 respondent not completely aware about present tax rates.
* Most of the public fall under the category of income less than Rs 5 lakh and only 7% are earning the income above Rs. 15 lakh.
* Saving habit of public is low. Most of the people save only 10% of their income.
* The public agree that the present tax rates are more beneficial than the proposed tax rates.
* Publics are less aware about the exemption withdrawn from the new scheme. Some of them are satisfied with exemption withdrawn.
* The procedure of taxation system is very complex and difficult.
* People agree that the filing of return is very complex.
* Most of the people are aware about the deduction u/s 80C to 80U.
* The public prefer the old regime than the new.
* In Tumkur city the no. of taxpayers at less because of their income is below Rs. 5 lakh. Only few people are paying taxes.

## CONCLUSION

The tax system plays a central role in all modern economies. Many changes were made in income tax slab rates. The tax force committee suggests reducing income tax slab rates. The finance minister Nirmala Sitharaman presents annual budget on 1st Feb 2020 and announced new income tax slab rates and remove all income tax exemption in long run and new income tax rates will be optional.

 The study reveals that most of the respondents prefer the old tax regime than the present tax regime. Public are partly satisfied with the exemption withdrawn from the new scheme.

Most of the people do not aware about taxation system. Only few people who is earning and students who studies taxation have proper knowledge about taxation.

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