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A study on public opinion towards new proposed income tax slab rates with respective Tumkur city

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Abstract

This study explores public opinion on the newly proposed income tax slab rates in India, focusing on how these changes are perceived to affect individuals' financial situations and the level of public awareness about the new tax structure. By analysing responses from different demographic groups, the study identifies which segments are more supportive of the changes and examines their reasons for this support. It also compares views on the new tax slab rates with those on the previous tax structure to offer insights into the public's perception of the tax policy shift. The findings provide a comprehensive view of public expectations and awareness, illustrating how these changes impact financial behaviour and preferences. The income tax act, implemented nationwide, ensures that higher earners contribute their fair share. The tax system is designed to address illegal earnings and enforce profit taxation according to government regulations, supporting economic growth. Tax revenues are used to fund essential services such as schools, colleges, hospitals, and infrastructure projects, providing benefits through exemptions and deductions, including those under sections 80C and 80CCD. Additionally, the government's tax policies aim to stimulate investment, create jobs, and drive economic development in India.

Keywords: Financial behaviour, implemented nationwide, essential services

Introductions

The Income Tax Act was first introduced in India on July 24, 1860, and later, the Income Tax Act of 1961 took effect on April 1, 1962. All individuals in India who earn an income are required to pay income tax. The income tax system consists of different slab rates, with both the old and new regimes having distinct rates. In both regimes, the tax rate increases as an individual's income increases.

In the old regime, taxpayers can claim a rebate of up to Rs 12,500 if their total income does not exceed Rs 5,00,000, though this does not apply to NRIs. On the other hand, the new tax regime provides a rebate of up to Rs 25,000 for total incomes not exceeding Rs 7,00,000, again not applicable to NRIs. Initially introduced in the 2020 budget with six slabs, the new tax regime has been simplified to five slabs and does not include tax-saving investment schemes. These changes aim to simplify the tax structure, enhance compliance, and ensure a more equitable distribution of the tax burden, thereby influencing the economic behaviour of individuals and businesses.

Research methodology

The study utilized primary data collected through questionnaires to evaluate public opinion on the new income tax slab rates. The questionnaires were crafted in line with the study's objectives. Additionally, secondary data from sources such as journals, books, websites, and published papers were incorporated. The survey was conducted via Google Forms, gathering 50 responses.

Objectives

- Understand public expectations regarding how these changes affect their financial situation.
- To study public awareness level of the new proposed income slab rates.
- To identify which demographic group are more supportive of the proposed changes and the opinion.
- To compare public opinion on the new proposed income slab rates with opinion income slab rates with opinions on previous tax rate structure.

Table 1: Income tax slab rates FY 2023-24 and AY 2024-25

Old regime			
Slabs	Individuals less than 60 years	Senior citizens above 60 but less than 80 years	Super senior citizens 80years and above
0- 250000	Nil	Nil	Nil
250001- 300000	5%	Nil	Nil
300001-500000	5%	5%	Nil
500001- 1000000	20%	20%	20%
Above 1000000	30%	30%	30%
New regime			
Slabs	Income tax rates		
0-300000	Nil		
300001-600000	5%		
600001-900000	10%		
900001-1200000	15%		
1200001-1500000	20%		
Above 1500000	30%		

Limitation

The information is collected tumkur city only.

Literature review

- Prof. Shankar prasad (2024):** This study highlights the advantages and purposes of the tax system and explores methods to reduce income tax rates. To optimize benefits, it emphasizes utilizing tax savings and financial strategies, particularly through tax exemptions and investment patterns. The new tax system supports workers with lower income levels and ensures their safety, while the old tax rate facilitates saving money.
- Ritwik Garg (2020):** The annual budget provides significant benefits to taxpayers and establishes new rules from the government income tax department. This system presents new data, highlighting how individuals choose tax policies based on their investments. It aids in determining the best options between the old and new tax regimes by assessing deductions and income levels. The old tax regime benefits businessmen, investors, and salaried individuals through its various deductions. The 2020 budget included deductions for house rent, children's education, medical allowances, and more. Over 38% of people prefer the old tax regime due to its complex hierarchy and numerous deductions and exemptions, which help reduce tax levels. The majority opinion is collected through questionnaires.
- Ekaspreet K. Rekhi, Abhineet Saxena:** Understanding taxpayers' perceptions of the new income tax structure is crucial. Income tax provides guidelines for the government on tax payments and aims to improve the tax system to bolster economic conditions. Taxes are collected through both direct and indirect means. This research focuses on the importance of understanding taxpayer behaviour and awareness. Tax policies, including investment exemptions and new tax rates, are designed to reduce tax burdens. This study significantly impacts investment decisions, as some respondents feel it does not support economic conditions. Additional information about the new tax system is shared through social media and websites.
- Dr. Suresh, nikta Choudhary:** This study analyses the advantages and disadvantages of income tax and the financial year tax rate slabs in the Indian budget. It helps identify illegal earners and ensures that those with

higher income and profit pay taxes according to government rules to boost the economy. Tax revenue is utilized to develop schools, colleges, and hospitals. The exemptions in the IT Act benefit individual taxpayers, with significant deductions in sections 80C and 80CCD under the old income tax regime. The government aims to create more jobs and increase income to develop the country.

Sources of data

Primary data
Sample size 50 respondents

Data analysis and interpretation

Age, Gender, Income, Education



Fig 1: Demographic factors

Interpretation: The above graph shows on 62% respondents from 20-30 Age group.

Gender group: The above graph shows on 50% respondents of gender different from men and women views and opinion financial responsibility.

Income levels: The above graph shows on 72% respondents from 0-35000 income, frequently affect financial behaviours

and opinions. Higher-income individuals may have different priorities and viewpoints compared to those with lower incomes.

Education levels: The above graph shows on 56% respondents from Post graduate education, can shape how individuals understand and form opinions on complex issues, such as financial policies and investment strategies.

Table 2: Which aspects of the proposed income tax changes concerns you the most?

Factors	No of respondents	Percentage
Increase in tax rate for my income bracket	11	22
Decrease in tax benefits / deduction	21	42
Complexity of the new tax structure	10	20
Uncertainty about future tax	1	1
No significant concerns	7	14
Total	50	100

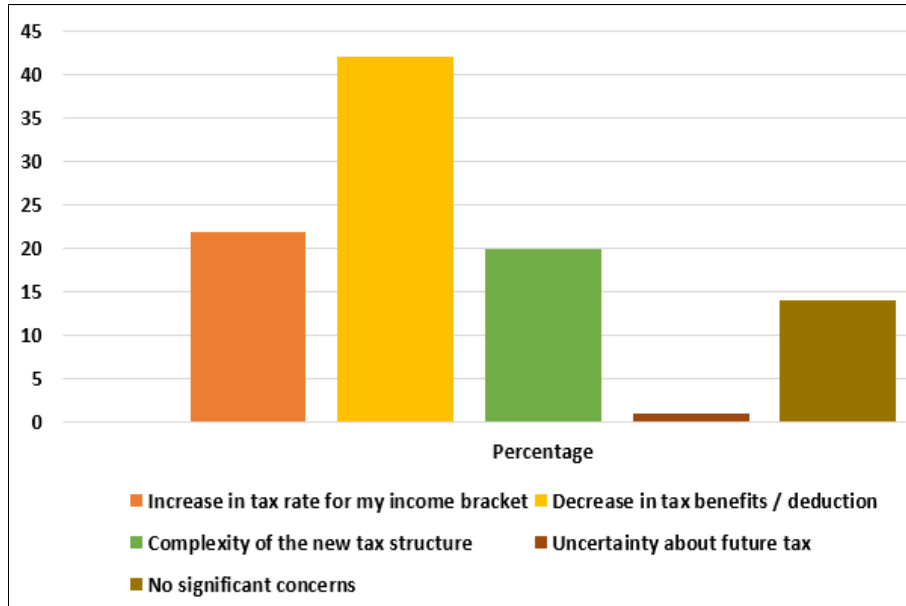


Fig 2: Which aspects of the proposed income tax changes concerns you the most?

Interpretation

The graph shows that 42% of respondents are worried about a reduction in tax benefits and deductions, which could increase their overall tax liability and diminish financial advantages. Furthermore, 22% are concerned about higher tax rates for their income bracket, which might affect their financial situation.

Table 3: Which tax rate structure do you prefer?

Year	No of respondents	Percentage
Previous income tax slab rates structure	24	48
New proposed income tax slab rates	14	28
No preference	12	24
Total	50	100

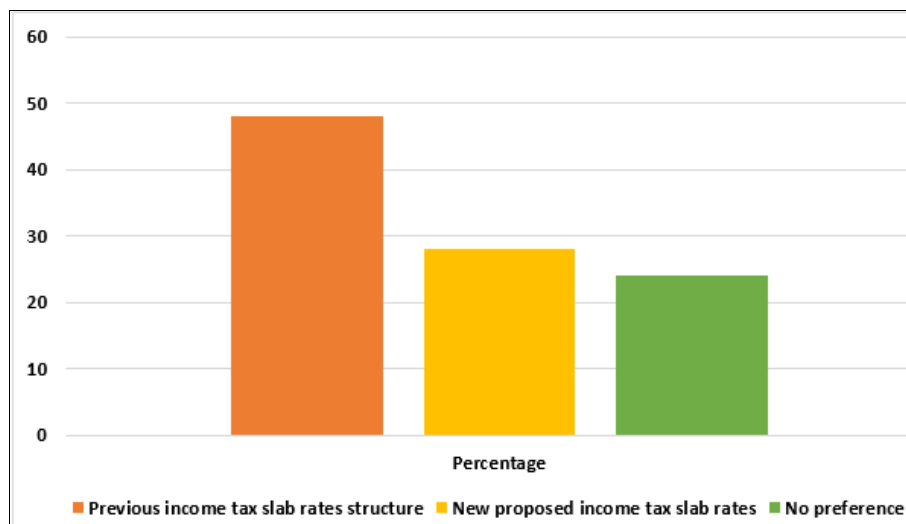


Fig 3: Which tax rate structure do you prefer?

Interpretation: from the above graph shows on 48% respondents to prefer previous structure because of claim deductions and exemptions in financial planning, 28%

respondents to choose a new tax structure to give lower rates and some advantages.

Table 4: Do you know the proposed new income tax slab rates?

Factors	No of respondents	Percentage
Yes I know	17	34
I know some of the details	19	38
I have heard about it but don't know the details	8	16
I don't know anything about proposed rates	6	12
Total	50	100

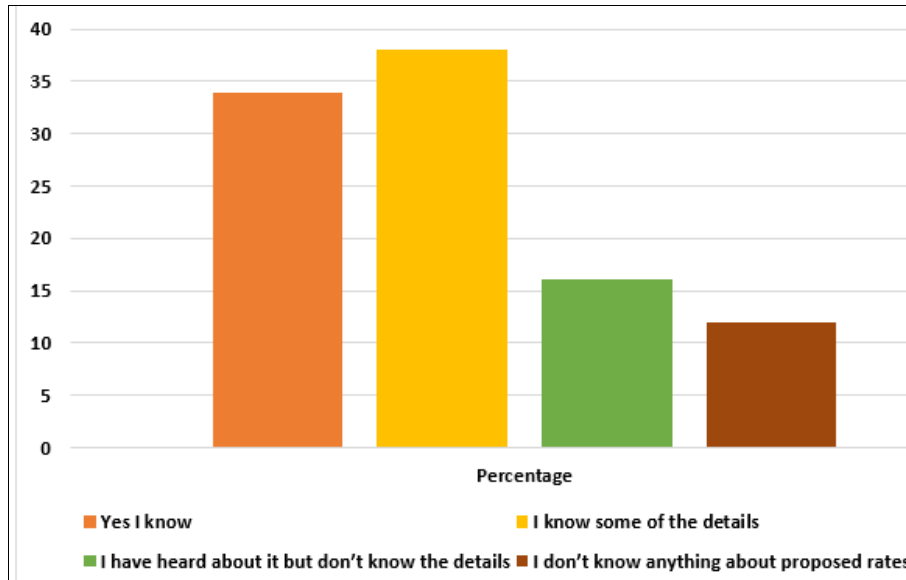


Fig 4: Do you know the proposed new income tax slab rates?

Interpretation: From the graph, 38% of respondents know some details about the new tax structure, indicating that many are aware of the changes but lack complete information. This partial knowledge could influence their opinions and decisions. Additionally, 34% of respondents are fully aware of the new tax rates, showing that a significant portion of taxpayers is well-informed, which helps educate and support taxpayers effectively.

Table 5: Do you believe the proposed income tax slab rates will make the tax system fairer?

Factors	No of respondents	Percentage
Yes, much more fair	6	12
Yes, somewhat more fair	25	50
No, change in fairness	9	18
No, somewhat less fair	4	8
No, much	6	12
Total	50	100

Interpretation: Based on the above graph, 50% of respondents believe the income tax system will be somewhat fairer, suggesting they think the changes will result in better arrangement. Conversely, 18% of respondents anticipate no change in fairness and do not expect any improvements in the tax system.

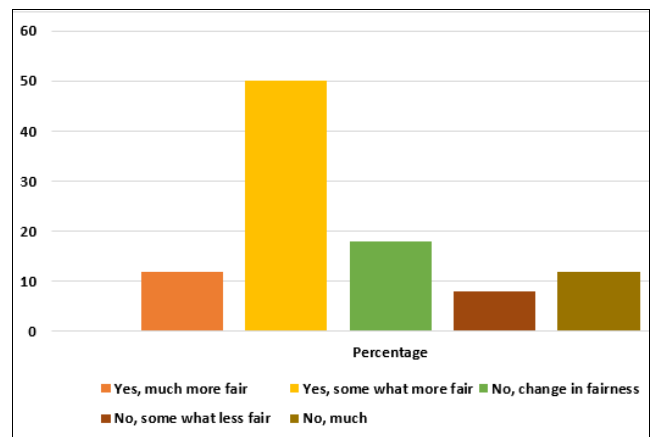


Fig 5: Do you believe the proposed income tax slab rates will make the tax system fairer?

Table 6: Which income tax slab do you currently fall into?

Percentage rates	No of respondents	Percentage
0-5%	20	40
5-10%	15	30
10-20%	5	8
20-30%	0	0
Above – 30%	0	0
Not interested to discuss	10	20
Total	50	100

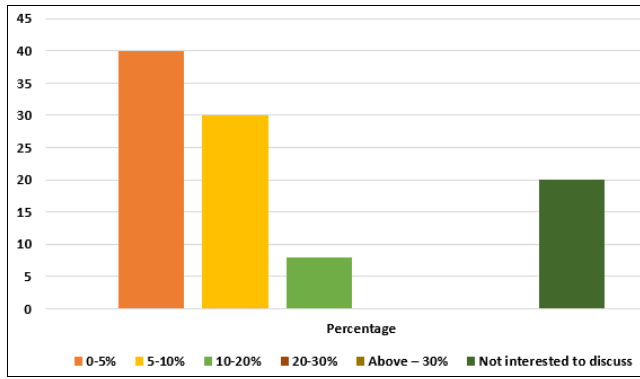


Fig 6: Which income tax slab do you currently fall into?

Interpretation: Based on the above graph, 40% of respondents fall into the 0-5% tax bracket, representing the majority of lower-income taxpayers. Meanwhile, 30% of respondents are in the 5-10% tax bracket, discuss the current income tax rates because of discuss financial details.

Table 7: What effect do you anticipate the proposed changes in income tax slab rates will have on your financial wellbeing?

Factors	No of respondents	Percentage
Greatly improves	8	16
Improve	21	42
No change	16	32
Worsen	0	0
Greatly worsen	5	8
Total	50	100

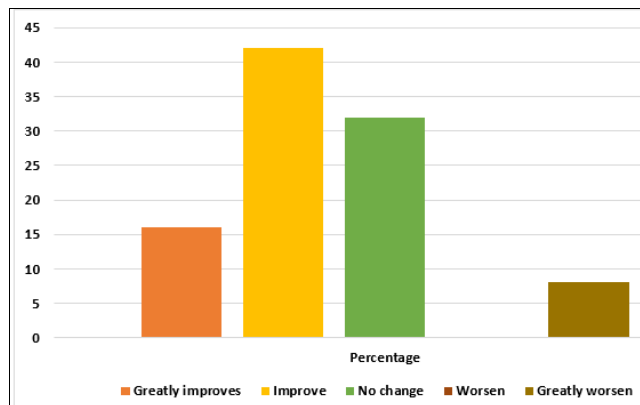


Fig 7: What effect do you anticipate the proposed changes

Interpretation: Based on the above graph, 42% of respondents believe their financial situation will improve due to the proposed tax changes. Additionally, 32% of respondents anticipate no change in their financial situation.

Table 8: What is your level of understanding of the proposed changes in income tax slab rates?

Factors	No of respondents	Percentage
Very high	12	24
High	16	32
Moderate	13	26
Low	5	10
Very low	4	8
Total	50	100

Interpretation: Based on the above table, 32% of respondents have a high understanding of the new tax

policies, demonstrating confidence in the new income tax policy and the ability in critical situations. Additionally, 26% of respondents have a moderate level of understanding, allowing them to analyse and form opinions on certain aspects of the policy.

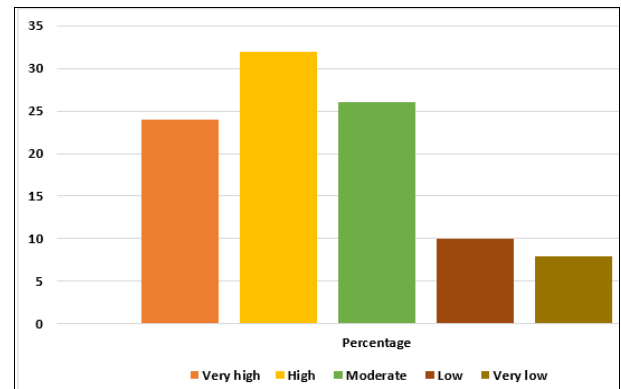


Fig 8: What is your level of understanding of the proposed changes in income tax slab rates?

Table 9: How imported is it for you to stay updated on changes in tax policies?

Factors	No of respondents	Percentage
Extremely important	8	16
Very important	19	38
Moderately important	15	30
Slightly important	4	8
Not important at all	4	8
Total	50	100

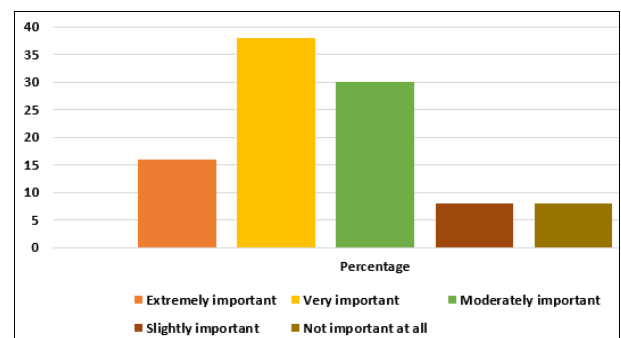


Fig 9: How imported is it for you to stay updated on changes in tax policies?

Interpretation: The graph indicates that 38% of respondents find it very important to stay updated on tax policies, primarily due to annual changes in tax slab rates and the need for financial planning. In contrast, 30% of respondents consider it moderately important, suggesting that they only occasionally update their knowledge on tax policies.

Table 10: Where did you first learn about the proposed changes in income tax slabs?

Factors	No of respondents	percentage
News media (TV newspaper)	12	24
Social media	18	36
Govt announcement	13	26
Financial advisor	4	8
Others	3	6
Total	50	100

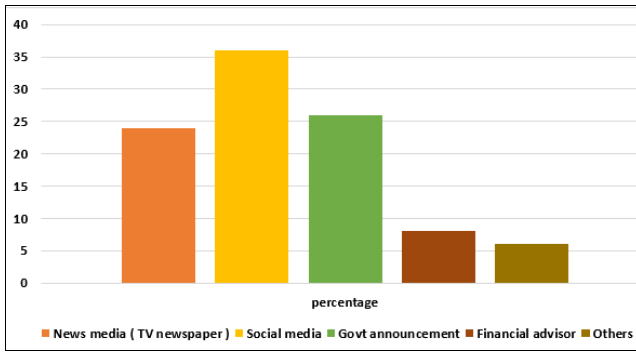


Fig 10: Where did you first learn about the proposed changes in income tax slabs?

Interpretation: The graph shows that 36% of respondents first learned about the changes through social media, which rapidly spreads information and reaches a broad audience, particularly among the younger generation. In contrast, 26% of respondents received the information from government announcements, highlighting the effectiveness of official channels in directly communicating with the public.

Table 11: How supportive are you of the new proposed income tax slab rates?

Factors	No of respondents	Percentage
Very supportive	8	16
Supportive	19	38
Neutral	16	32
Unsupportive	3	6
Very unsupportive	4	8
Total	50	100

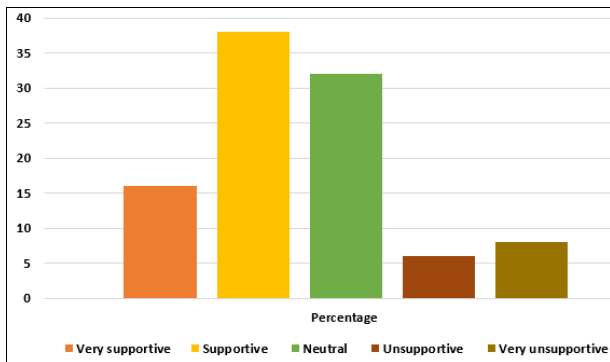


Fig 11: How supportive are you of the new proposed income tax slab rates?

Interpretation: The graph shows that 38% of respondents are supportive of the new slab rates, holding a positive opinion on the changes without strong understanding but still showing considerable support. Meanwhile, 32% of respondents are neutral, undecided about the information and holding a medium-level stance.

Table 12: How do you believe the new proposed income slab rates will impact your financial situation compare to the previous rates?

Factors	No of respondents	Percentage
Significant better	11	22
Somewhat better	17	34
No change	18	36
Somewhat worse	0	0
Significantly worse	4	8
Total	50	100

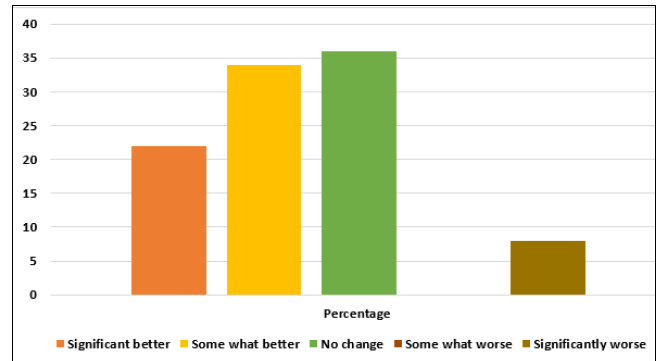


Fig 12: How do you believe the new proposed income slab rates will impact your financial situation compare to the previous rates?

Interpretation: The graph indicates that 36% of respondents think the new tax rates will not affect their financial situation, either positively or negatively. In contrast, 34% expect the new rates to somewhat enhance their financial proper planning and simplifies tax structure.

Table 13: Have you benefited from the deduction under old tax regime?

Factors	No of respondents	Percentage
Yes, more than 5 years	11	22
Yes, less than 5 years	27	54
No, never utilize the deduction benefit	12	24
Total	50	100

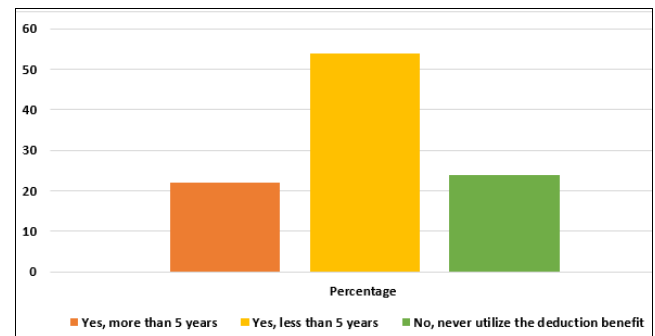


Fig 13: Have you benefited from the deduction under old tax regime?

Interpretation: The graph reveals that 54% of respondents have benefited from deductions under the old tax regime for less than 5 years, conversely, 24% of respondents did not make use of the deduction benefits, possibly due to a lack of opportunity to claim.

Table 14: Do you think the new slabs will encourage savings and investment?

Using	No of respondents	Percentage
Yes	33	66%
No	17	34%
Total	50	100

Interpretation: Based on the graph, 66% of respondents believe that the new tax slabs will promote savings and investment by providing future financial benefits. In contrast, 34% of respondents do not believe this, as they are concerned that the new tax rates may not be effective or could even have negative impacts.

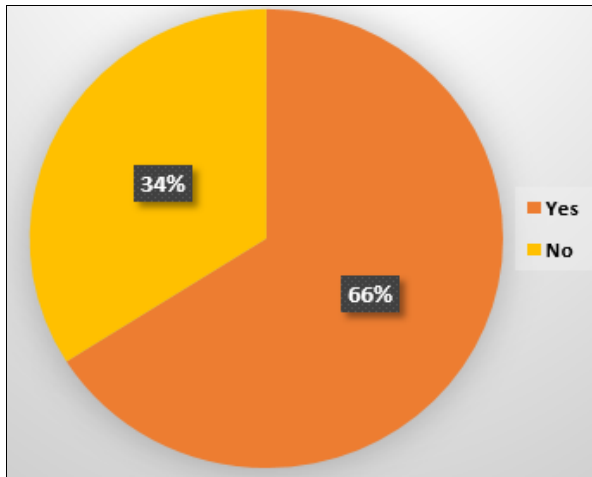


Fig 14: Percentage

Finding

- Nearly half (48%) of respondents favor the previous income tax structure, citing its deductions and exemptions as beneficial for financial planning. In contrast, 28% prefer the new structure for its lower tax rates.
- A majority (58%) of respondents expect the proposed tax changes to improve or greatly improve their financial well-being.
- 56% of respondents have a high or very high understanding of the proposed tax changes, while 18% report a low or very low understanding.
- Social media is the primary source of information on the proposed tax changes for 36% of respondents, followed by government announcements (26%) and news media (24%).
- 76% of respondents have benefited from deductions under the old tax regime, with the majority (54%) utilizing it for less than five years, while 24% have never used the deductions.

Suggestion

- To increase the appeal of the new tax structure, authorities could introduce additional deduction options while maintaining its simplified, lower-rate approach.
- Tax authorities should strengthen education efforts to increase understanding of the proposed changes, especially for individuals with lower levels of awareness.
- The ensure frequent and easily accessible updates to keep individuals informed and engaged with ongoing changes in tax policies should implement targeted awareness campaigns to ensure comprehensive understanding of the new tax slabs across the population.

Conclusion

The study on public opinion regarding the newly proposed income tax slab rates uncovers several important insights. First, it reveals public expectations about how these changes will affect their financial situations, with many individuals expressing concern about the impact on their disposable income and overall financial stability. Second, the study shows differing levels of awareness about the new income slab rates, indicating that while some people are well-

informed, others lack sufficient understanding of the changes.

The research also identifies certain demographic groups that are more supportive of the proposed tax changes. These groups often include younger individuals and those with higher incomes, who are likely to benefit more from the revised slabs. Additionally, the study compares opinions on the new tax slab rates with those on the previous tax structure, highlighting a split in public sentiment. Some people Favor the simplified approach of the new system, while others prefer the tax-saving advantages of the old regime. The findings provide a thorough overview of public perceptions and preferences, emphasizing the need for increased awareness and education about the new tax rates to help taxpayers make informed decisions.

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