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A Public Perception towards Present Income Tax Rates with Special Reference to Tumkur City

Mrs. Bindu R[1], Mr. Niteesh K B[2]
[1]*Assistant Professor, Department of MBA, Shridevi Institute of Engineering and Technology, Tumkur, Karnataka, India*
[2]*2nd Year MBA Student, Department of MBA, Shridevi Institute of Engineering and Technology Tumkur, Karnataka, India*

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.***

I. INTRODUCTION

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. On the other hand, the Old Tax Regime continues to be an option for taxpayers who wish to avail themselves of various tax-saving exemptions and deductions. Though the tax rates are relatively higher compared to the new regime, individuals can significantly reduce their taxable income by strategically planning their investments, expenses, and insurance premiums. The choice between the two regimes depends on an individual's income level, investment habits, and financial planning. While the New Regime is ideal for those with fewerdeductions, the Old Regime benefits those who actively invest in tax-saving schemes andhave eligible expenditures. Taxpayers are allowed to evaluate and switch between the regimes each year (except for those with business income), offering flexibility in optimizing their tax liability.

Income tax slab rates FY 2024-25 and AY 2025-26	
Old regime	
Slabs	Income tax rates
0-300000	Nill
300001-600000	5%
600001-900000	10%
900001-1200000	15%
1200001-1500000	20%
Above 1500000	30%

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New regime	
Rs. 12,00,001 to Rs. 16,00,000	15%
Rs. 16,00,001 to Rs. 20,00,000	20%
Rs. 20,00,001 to Rs. 24,00,000	25%
Rs. 24,00,001 and above	30%

II. 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 52 responses.

A. Limitation

The information is confined to Tumkur city only.

B. Objectives

1) To Assess the public Awareness with respect to current Tax Rates.
2) To know the public opinion with respect to present Income tax rates.
3) To analyse the impact of Income Tax rates consumption, Investment decision.

III. LITERATURE REVIEW

A. 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.

B. 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.

C. 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.

D. 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.

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Sources of data:

- Primary data
- Sample size 52 respondents make up the sample.

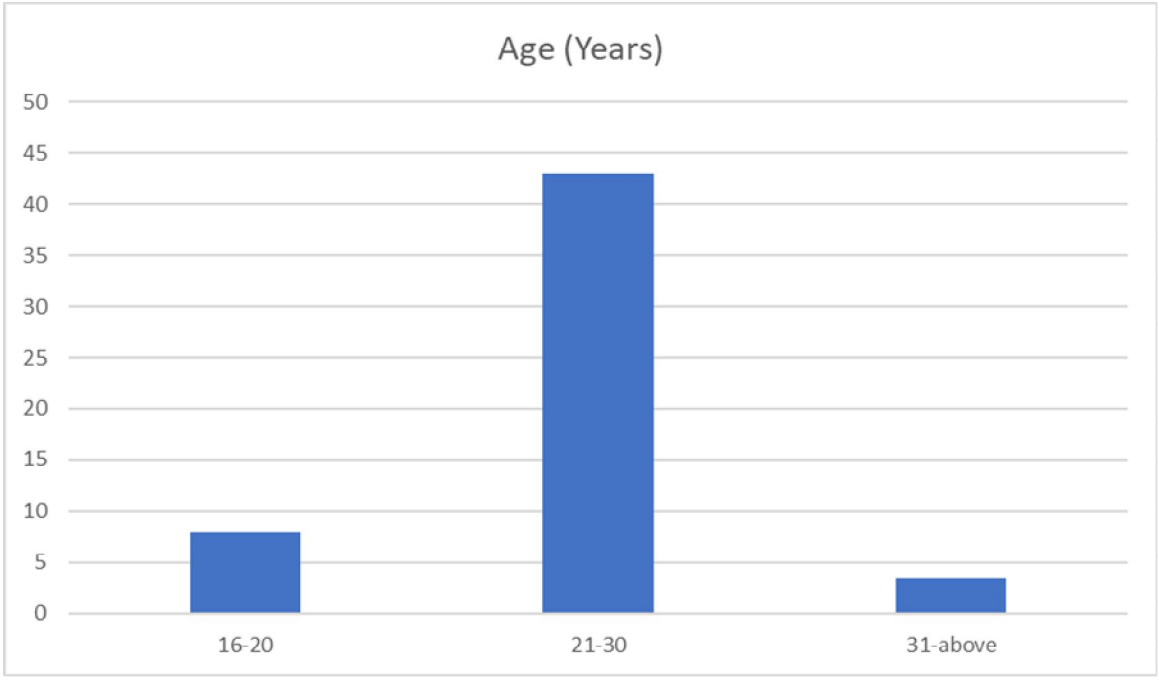
IV. DATA ANALYSIS AND INTERPRETATION

Table No.1 showing the age of the respondents.

SL. No	Age factor(years)	No. of respondents	Percentage
1	16-20	8	15.4
2	21-30	43	82.7
3	31-above	1	1.9

Analysis: From the above table can be analysed that 84.5% of the respondents belongs to the age group of the 20-30 years and 12.7%of respondents belongs to the age group of below 20.

Graph No.1 showing the age of respondents.



Interpretation: From the above graph we interpreted that majority of the respondents belongs to the age group of 21 to 30. And some are belonging to the below 20. Because, tumkur having a majority of youths.

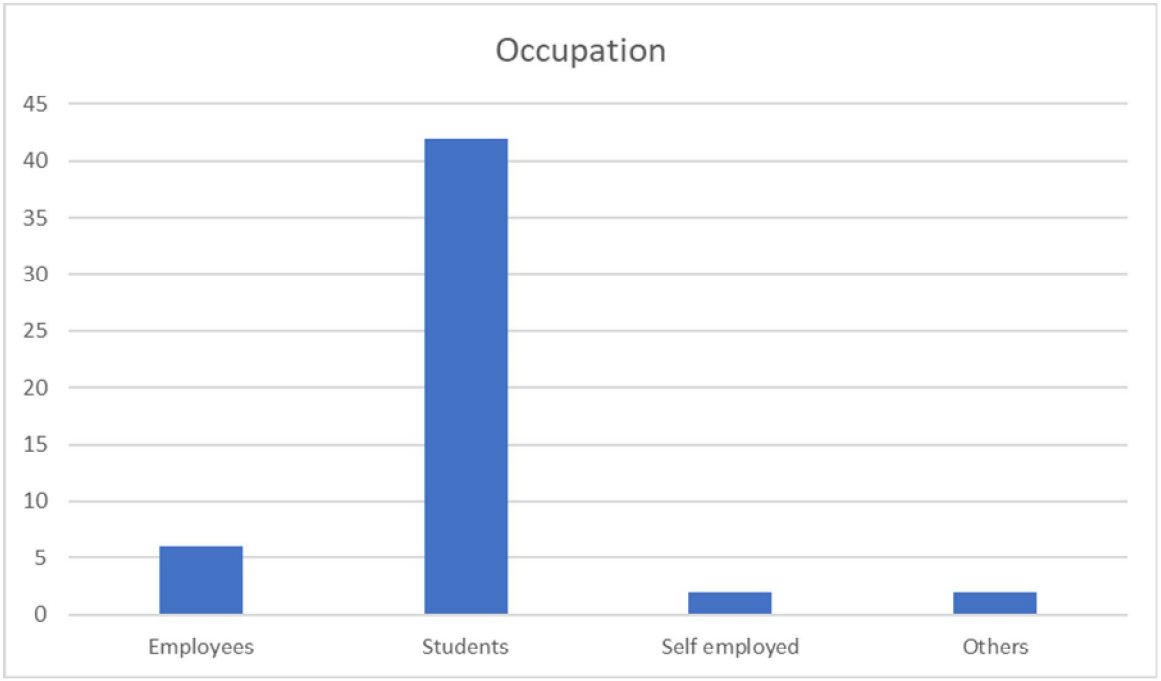
Table No.2 showing the Occupation of respondents.

SL. No	Occupation factors	No. of respondents	Percentage
1	Employees	6	11.5
2	Students	42	80.8
3	Self employed	2	3.8
4	Others	2	3.8

Analysis: From the above table can be analysed that 80.3% of the people are students and 14.1% are employees.

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Graph No.2 showing the Occupation of the respondents.



Interpretation: From the above graph it can be interpreted that majority of the people are students and only some people are employees.

Table No. 3 showing the awareness level of the respondents about income tax slabs.

Sl. No	Question	Yes (frequently)	No (frequently)	No. of respondents	Percentage of Yes	Percentage of No
1	Do you aware about the current income tax slabs in India?	40	12	52	76.9	23.1

Analysis: From the table can we analyzed that major of the respondentsis having aware about the income tax slab because most of respondents are students and employees.

Graph No. 3 showing the awareness level of the respondents about income tax slabs.



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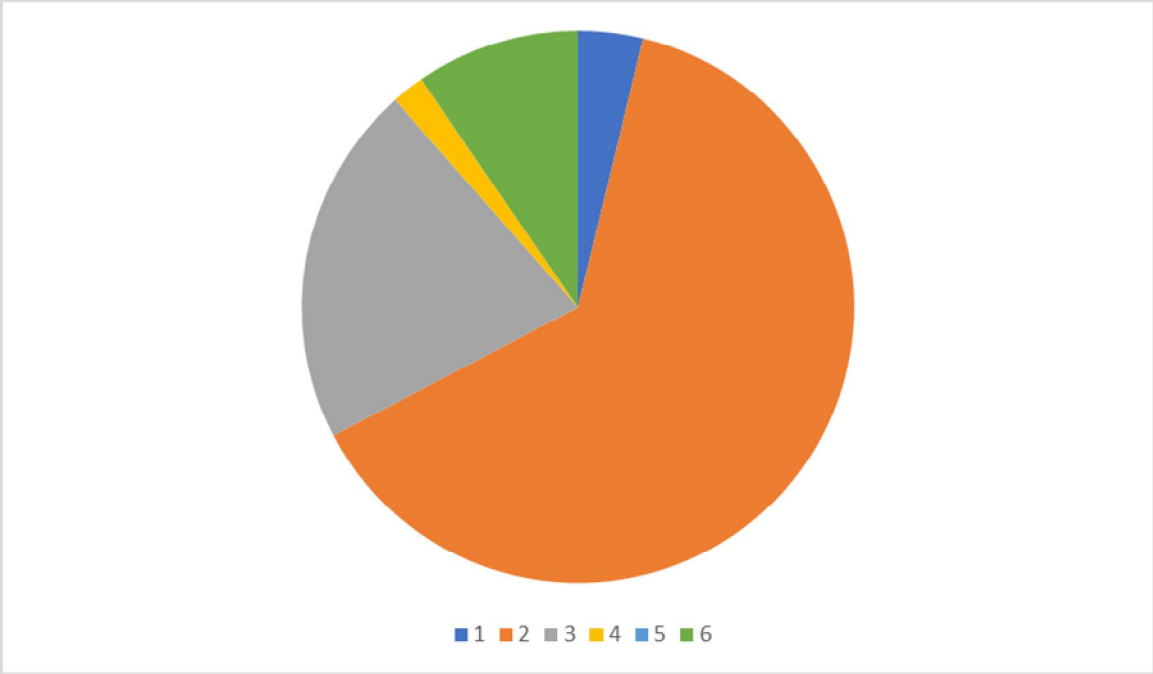
Interpretation: From the above graph 76.9% of the respondents are aware about the current income tax slabs because of students and employeesare having a habit of upgrading their current affairs but 23.1% of the respondents are not aware of that so we have togive some tax education to them and make some advertising about the tax rates.

Table No.4 showing the how the respondents are stay updated on tax policies.

Sl. No.	Source	No. of respondents	Percentage
1	News articles	2	3.8
2	Social media	33	63.5
3	Government websites	11	21.2
4	Financial advisors	1	1.9
5	Employer/company briefings	0	0
6	Not interested in tax updates	5	9.6

Analysis: From the above table can be analyzed that 63.5% of the respondents are stay updated on the social media, 21.2% are from government websites, 9.6% are not interestedin tax updates, 3.8% are from news articles and 1.9% are from financial advisors then no one from employer/company briefings.

Graph No.4 showing the how the respondents are stay updated on tax policies.



Interpretation: From the above graph major of the respondents are stay updated from social media because now a days the impact of social media is very fast and some what authentic so they get knowledge from these sources, and some are got it from the government websites so it shows that they have habit of checking the websites at this generation.

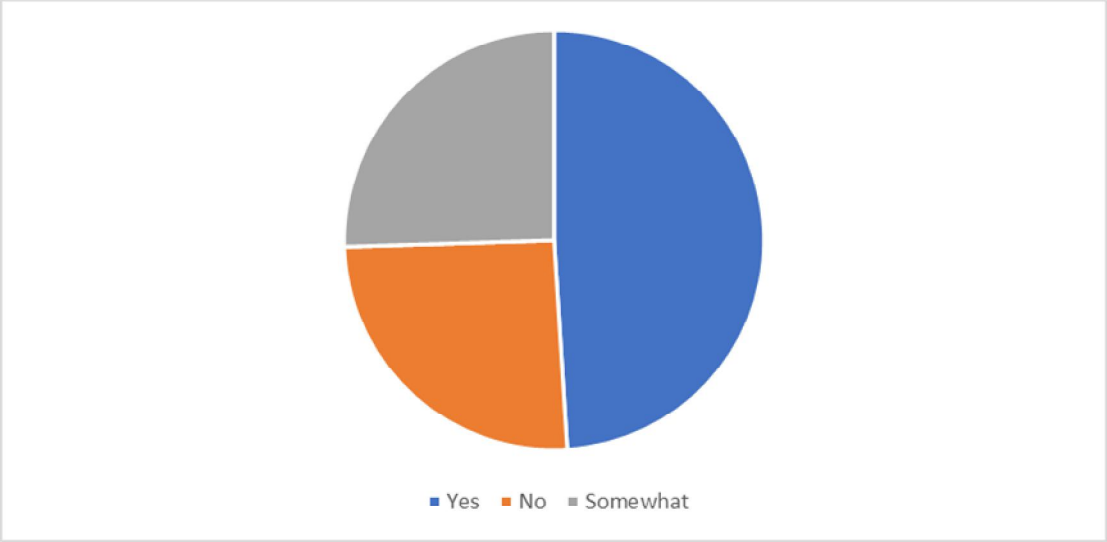
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Table No. 5 showing, is the current tax structure easy to understand.

Sl. No.	If current tax structure easy to understand	Respondents	Percentage
1	Yes	25	49
2	No	13	25.5
3	Somewhat	13	25.5

Analysis: From the above table can be analysedthat 49% of the respondents are saying it is easy to understand the current tax structure, 25.5% of the respondents are saying it is difficult and another 25.5% of the respondents are somewhat okey to understand the current tax structure.

Graph No. 5 showing the is the current tax structure easy to understand.



Interpretation: From the above graph can be interpretated that majority of the respondents are accepting that current tax structure is easy to understand because they all are actively gaining the knowledge and also, they show interest on tax structure, then some are not understanding and somewhat they understand it is because of their lack of knowledge in it and also their interest level.

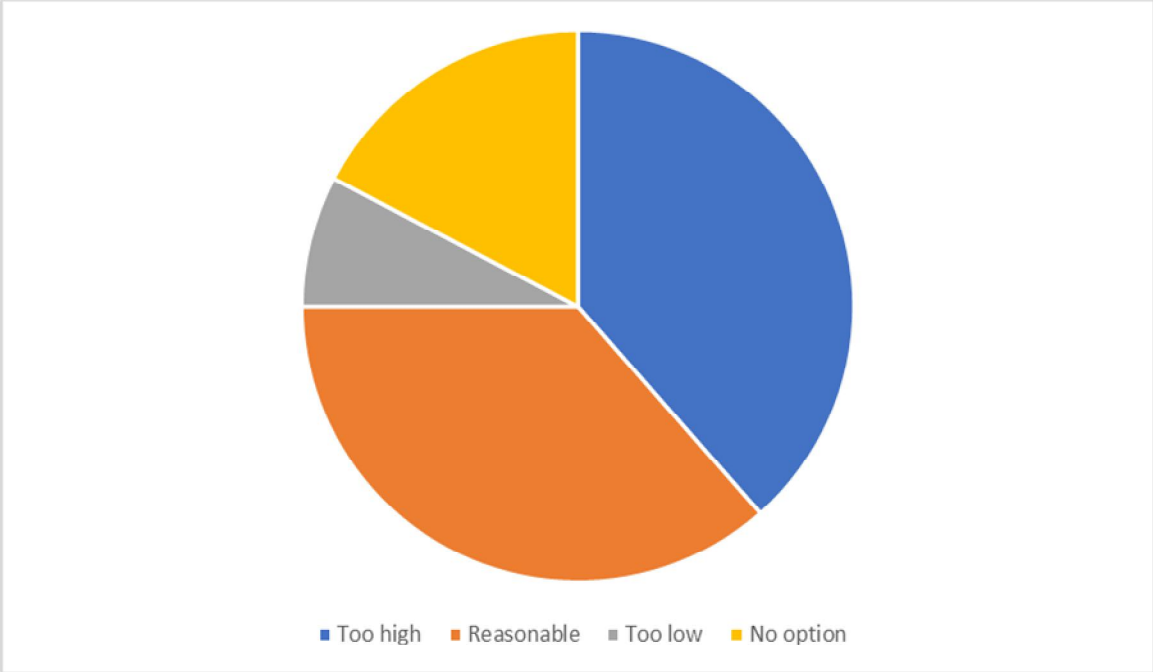
Table No.6 showing the current income tax rates are

SL. No.	Factors	Respondents	Percentage
1	Too high	20	38.5
2	Reasonable	19	36.5
3	Too low	4	7.7
4	No option	9	17.3

Analysis: From the above table can be analysed that 38.5% of the respondents are consider that the current tax rate is too high, 36.5% are consider it as reasonable, only 7.7% are consider it as very low and for 17.3% respondents there is no option to define it.

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Graph No.6 showing the current income tax rates are



Interpretation: From the above graph can be interpreted that majority of the respondents are approaches that the current tax rate is too high becausepeople are feels it leads financial burden to them. Some are agreeing that it is reasonable for sake of the country growth.

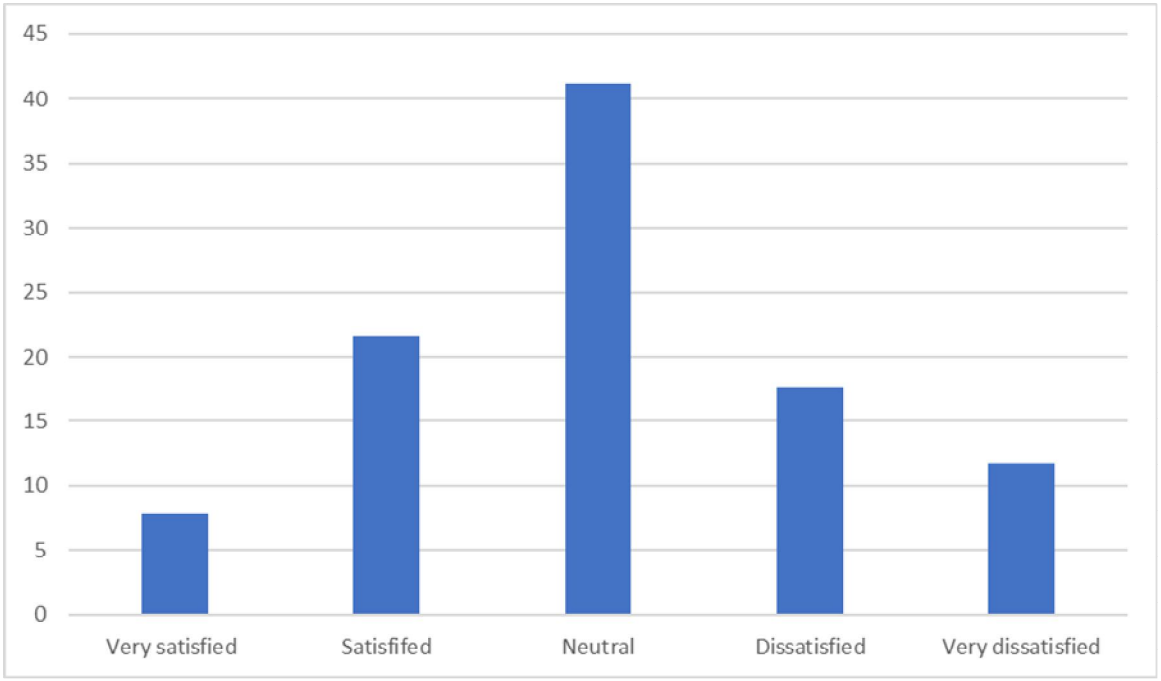
Table No. 7 showing the satisfaction level of the respondents with the government tax policies.

Sl. No.	Factors	Respondents	Percentage
1	Very satisfied	4	7.8
2	Satisfied	11	21.6
3	Neutral	21	41.2
4	Dissatisfied	9	17.6
5	Very dissatisfied	6	11.8

Analysis: From the above table can be analysed that 41.2%of the respondents are showing the neutral opinion on their satisfaction level with the government tax policies, 21.6% are satisfied and 17.6% are dissatisfied with the government tax policies.

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Graph No. 7 showing the satisfaction level of the respondents with the government tax policies.



Interpretation: From the above graph can be interpreted majority of the respondents are consider that the government policies are onlyimpact full to the upper-level classes notfor the middle and lower-level classes. And then some the respondents are satisfied with the government policies about tax structure because it is better and more flexible compare to the old tax slab.

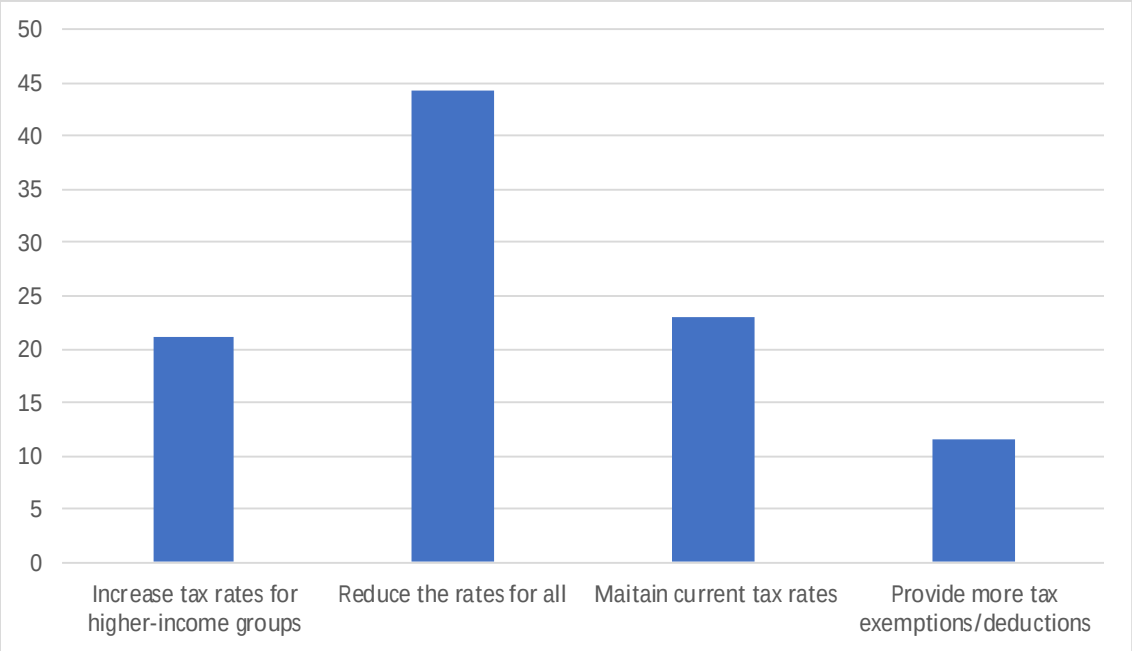
Table No. 8 showing the respondents opinion towards the government regarding income tax rates.

Sl. No.	Factors	Respondents	Percentage
1	Increase tax rates for higher-incomegroups	11	21.2
2	Reduce the rates for all	22	44.2
3	Maintain current tax rates	12	23.1
4	Provide more tax exemptions/deductions	6	11.5

Analysis: From the above table can be analysed that 44.2% of the respondents are think thatreduce the rates for all and 23.1% of the respondents think that government should maintain the current tax rates.

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Graph No. 8 showing the respondents opinion towards the government regarding income tax rates.



Interpretation: From the above graph can be interpreted that majority of the respondents are thinkingabout reduce the tax rates for all because the savings of the people will increase and the life style of the people also changes.

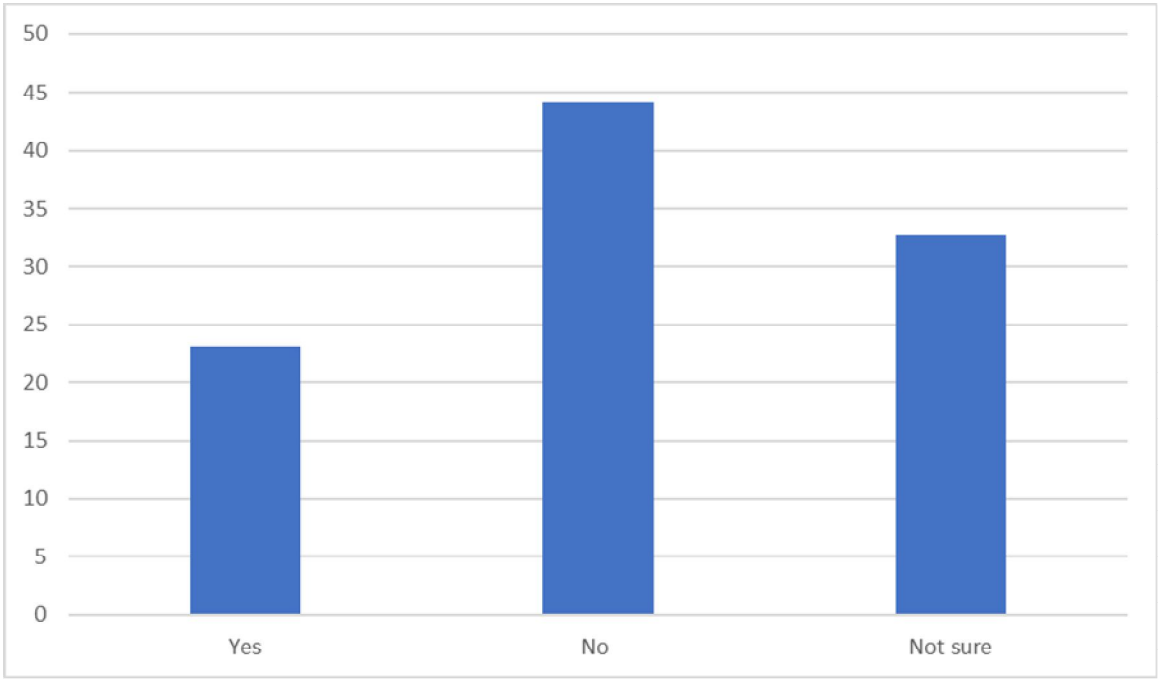
Table No. 9 showing believes of the respondents about the tax revenue collected is utilized effectively for public welfare.

Sl. No.	Factors	Respondents	Percentage
1	Yes	12	23.1
2	No	23	44.2
3	Not sure	17	32.7

Analysis: From the above table can be analysed that 44.2% of the respondents are can not believe that the tax revenue collected is utilized effectively for public welfare and it is used for the other purposes, and 32.7% are not sure about this statement.

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Graph No. 9 showing believes of the respondents about the tax revenue collected is utilized effectively for public welfare.



Interpretation: From the above graph can be interpreted that majority of the respondents statedno to the utilization of tax revenue to public welfare because in their perception corruption is the major threaten in the country. Some are not sure about the tax revenue utilization for lack of current affairs.

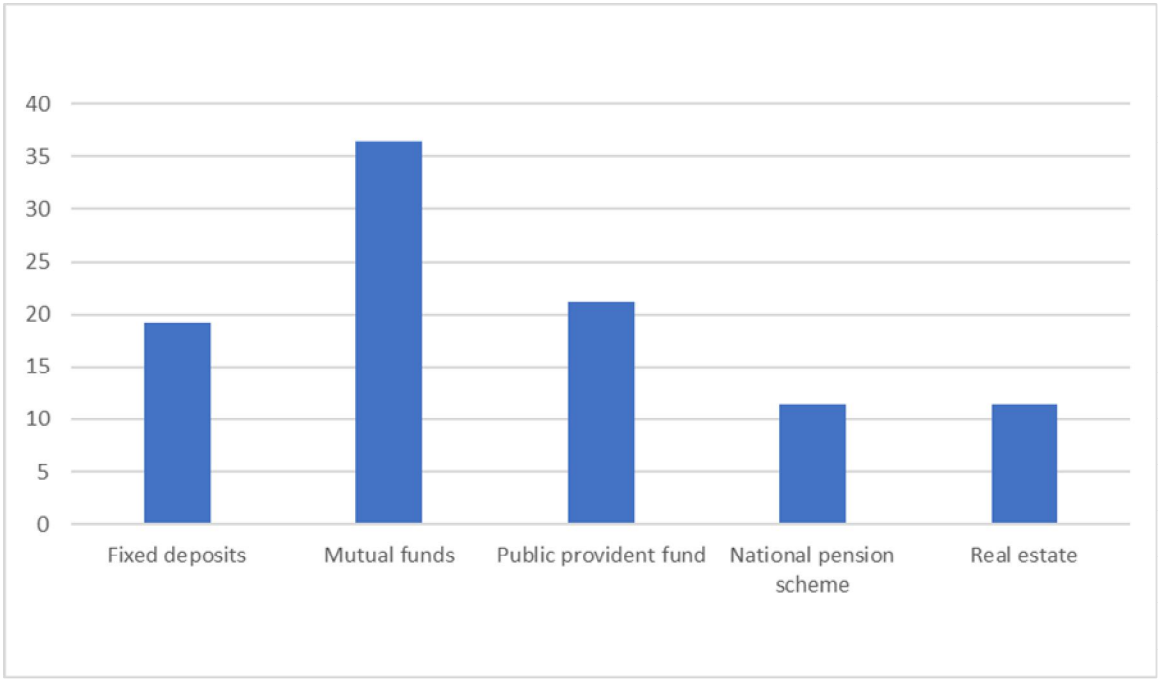
Table No. 10 showing the investment options do you prefer due to tax benefits.

Sl. No.	Factors	Respondents	Percentage
1	Fixed deposits	10	19.2
2	Mutual funds	19	36.5
3	Publicprovident fund (PPF)	11	21.2
4	National pension Scheme	6	11.5
5	Real estate	6	11.5

Analysis: From the above table can be analysed that 36.5% of the respondents are consider that mutual fund is the safest investment option to prefer due to tax benefits in India and 21.2% of the respondents are consider that public provident fund.

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Graph No. 10 showing the investment options do you prefer due to tax benefits.



Interpretation: From the above graph can be interpreted that majority of the respondents are choosing that mutual funds is the safest option to investment in this current tax structure because mutual fund gives high return if the analysis of the market is to be in the correct manner.

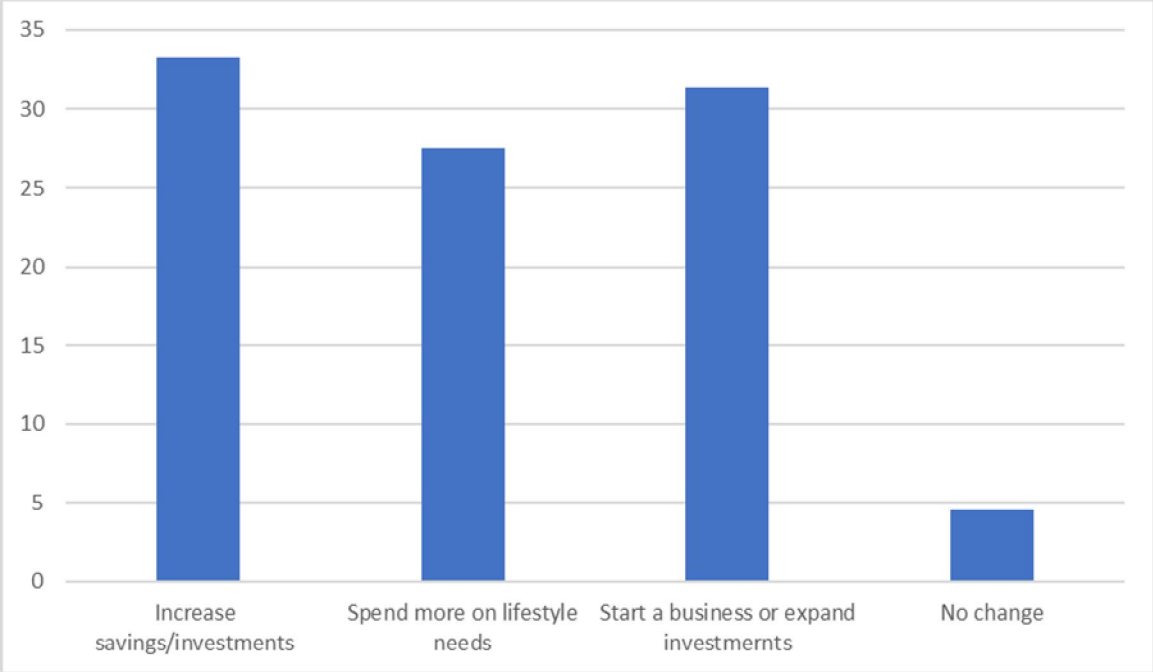
Table No. 11 showing the extra disposable income

Sl. No.	Factors	Respondents	Percentage
1	Increase savings/ investments	17	33.3
2	Spend more on lifestyle needs	14	27.5
3	Start a business or expand investments	16	31.4
4	No change	4	7.8

Analysis: From the above table can analysed that 33.3% of the respondents consider that extra disposable income helps to increases the savings/investment, and 31.4% are consider that extra disposable income should helps to start a business or expand investment.

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Graph No. 11 showing the extra disposable income.



Interpretation: From the above graph can interpreted that majority of the respondents are consider, if the tax rate will reduce, they utilize the extra money in their savings and investments for their future plans. And some thinking that they utilize the money for business purposeit will increases economy of the country and personal growth of the respondents.

V. FINDINGS

1) Around 66% of respondents believe that the revised income tax slabs will encourage greater savings and investment habits among individuals.
2) 38% of participants have expressed support for the newly proposed income tax structure.
3) Conversely, 48% of respondents still prefer the older slab system, indicating a sense of familiarity or perceived benefit in the previous regime.

VI. SUGGESTIONS

1) Enhance public knowledge about income tax slab revisions by highlighting their financial implications, helping individuals assess how the changes may affect them.
2) Work towards simplifying tax regulations to reduce confusion and communicate the advantages of the new system in a straightforward manner.
3) Structure the slab rates to include more deductions or incentives, particularly aimed at lower and middle-income earners.
4) Provide transparent comparisons and user-friendly tools to help taxpayers understand their obligations under both the old and new tax regimes.

VII. CONCLUSION

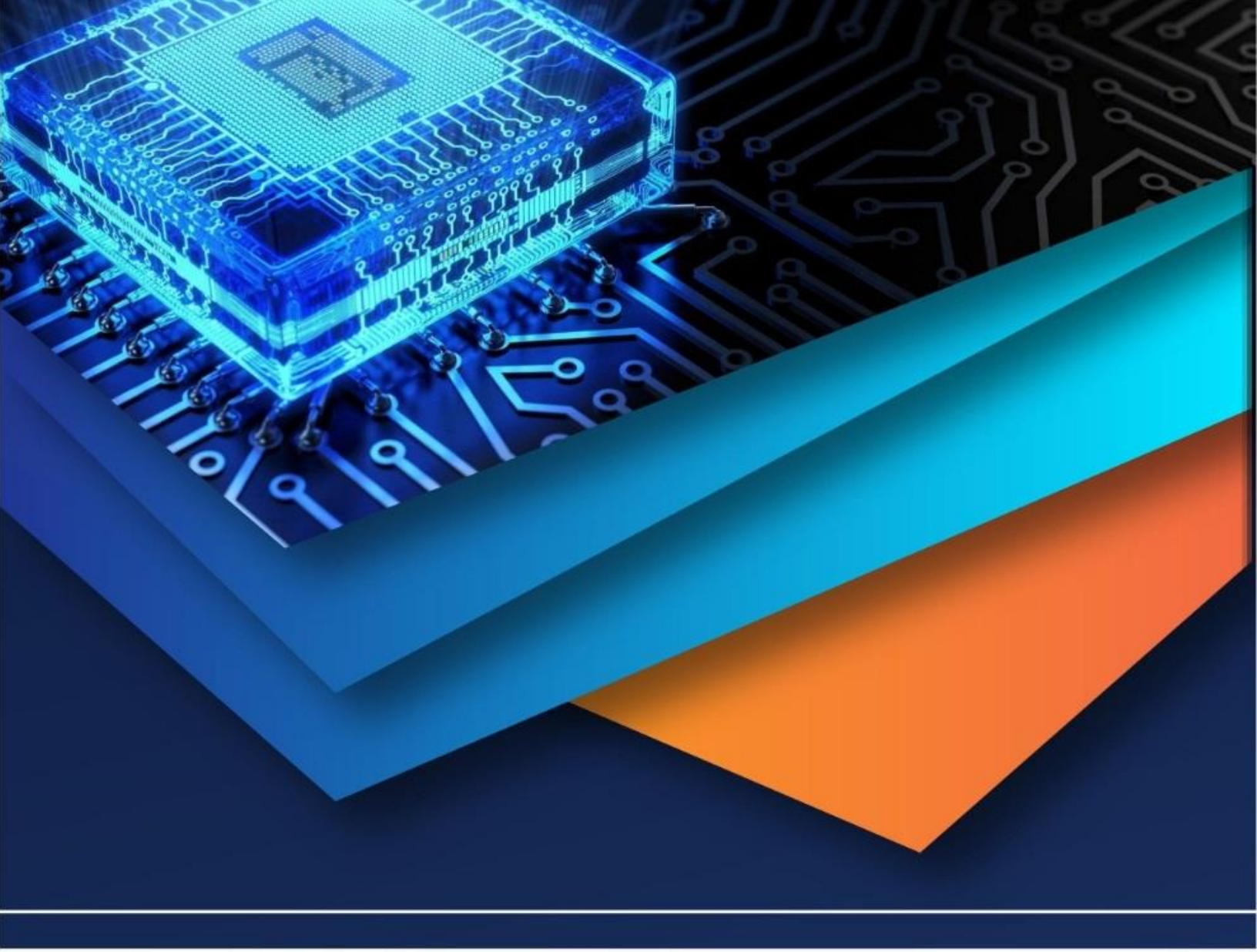
The study exploring public views on the proposed changes to income tax slabs reveals several significant insights. A large number of individuals are concerned about how the new system may impact their financial well-being, especially in terms of disposable income. It also shows a variation in awareness levels, with some taxpayers well-informed and others lacking clarity.
Interestingly, support for the new tax regime appears stronger among younger individualsand higher-income groups, likely because they foresee greater benefits under the revised structure. The research highlights a clear division in public opinion, with some favoring the simplicity of the new system, while others lean towards the tax-saving opportunities offered by the older framework.
In conclusion, these findings stress the importance of increased awareness efforts and educational outreach to help citizens understand their options and make well-informed financial decisions regarding their tax liabilities.

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