Income Tax Awareness and Preference Between the New and Old Tax Regimes Among Salaried Employees in Ranchi District Jharkhand

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***Abstract*—In India taxation has changes every year with introduction of new income tax regimes with few deductions and exemptions, and with changes of regime it continues to provide tax saving benefits. Many people in society have confusion on choosing the tax regime and follow to get benefits more on among both. People have also impacted their awareness level, Tax understanding and financial planning play an important role in choosing preferences. The present study focuses that salaried employee's awareness about new and old tax regimes in Ranchi district, Jharkhand. This study aims the to know the factor which influence salaried employees about tax regimes and their basis of preferences. it also gains knowledge about the tax decision of individual, to make informed decision about income, investments, deductions and financial goals. The research is based on primary an well as secondary data. Study knows about the income tax level, Investment habits, and tax regime preferences. Findings of study talks about the new tax regime offers why many salaried employees still prefer old tax regime, due to the benefits available through deductions such as sections 80C , HRA, medical insurance and home loan interest. But many find that for simple tax structure employees prefer new tax regime. This study explained you that more awareness of tax needed to salaried employees that they can make better and informed decisions, and which benefits the most. By knowing that people have lack of awareness about tax structured which benefit the most among both old and new tax regimes. This research is that`s the reasons very important for salaried employees because it provides insight into tax behaviour, financial awareness, and decision relating to context of frequent changing tax policies in India. the findings of study useful for tax consultants, policy makers, employers and regimes. It mainly contributes the awareness of tax spreading among employees and encouraged financial planning among taxpayers in Ranchi district, Jharkhand.**

***Index Terms*—Tax Awareness, Salaried Employees, Financial Planning, Financial Literacy.**

I. INTRODUCTION

Income tax is a financial and legal obligation in India. It is a basically a fee charged by any government for an earned income. These taxes are not charged by every earning person; there are some slab rates and rules regulated by government. when individual income is up to the prescribed limit, they don't have to pay tax Income tax is governed by the Income Tax Act,1961. This act lays all rules and regulation for income tax calculation. All taxpayer has to pay taxes within time. Failure can result in penalties and fines All taxpayer has to submit or mandated to submit an Income Tax Return every year on respective due dates as per law. An Income tax return can be filed online or offline on the income tax department 's official website or through third party websites. It is the main revenue of for the government which is mainly used for public facilities like Education, Healthcare, Infrastructure development, Défense, etc. In India, the income tax system has undergone several changes over time to make it simpler, more transparent, and taxpayer-friendly. One of the most significant recent changes was the introduction of the new tax regime under the Income Tax Act. This new system was introduced to provide taxpayers with an alternative to the existing (old) tax regime. Lower tax rates but removes most of the deductions and exemptions. It is designed to simplify the tax system by reducing the complexity involved in calculating taxable income. Taxpayers who do not want to invest in tax-saving instruments or maintain detailed records may find this regime more convenient. However, it may not always be beneficial for everyone, especially for those who actively invest and claim deductions under the old regime. Ranchi District, the capital region of Jharkhand, is a growing urban center with a diverse population of salaried employees working in government, private sector, educational institutions, and other organizations. With increasing income levels and employment opportunities, the number of taxpayers in this region is also rising. However, the level of income tax awareness among these individuals may differ based on factors such as education, occupation, income group, and access to financial knowledge. This study aims to examine the level of income tax awareness among salaried employees in Ranchi District, Jharkhand. It also seeks to analyze their preference between the old and new tax regimes and identify the factors influencing their choice. These factors may include income level, knowledge about deductions, ease of filing, financial goals, and risk-taking ability. In addition, this study contributes to academic knowledge by providing insights into taxpayer behavior in a specific regional context. It highlights the relationship between awareness and decision-making, which is an important aspect of financial management Furthermore, the study attempts to identify whether individuals are making informed decisions or simply following general trends or advice from others. It also tries to find out if there is a need for better awareness programs, financial literacy campaigns, or guidance from employers and government authorities. This study aims to examine the level of income tax awareness among salaried employees in Ranchi district, Jharkhand, and to analyze their preferences between the old and new tax regimes. It also seeks to identify the key factors influencing their choices and evaluate whether their decisions are based on proper understanding or convenience with further revisions introduced in the Union Budget 2023–24, including modifications to tax slabs and rebates under the new regime, it became even more critical to evaluate which system better serves the interests of various taxpayer segments. While the new regime is now the default option, the old regime continues to be available, leaving individuals to assess which structure minimizes their tax liability and aligns with their financial planning. This paper seeks to examine the differences between the two regimes in terms of tax liability, exemptions, and overall benefits to individual taxpayers. It also explores taxpayer preferences and behavior, helping to clarify how income levels, financial literacy, and investment habits influence their choices. By combining primary data collected through a structured survey with analytical tools, this study aims to provide insights into the practical implications of choosing between the old and new tax regimes. Salaried employees had direct effect on their salary and TDS through tax deduction and tax savings.

II. BACKGROUND OF THE STUDY

The background of this study is rooted in the recent transformation of India's income tax system and its impact on individual taxpayers, particularly salaried employees. For many years, the old tax regime was the only system available, allowing taxpayers to reduce their taxable income through various deductions and exemptions such as House Rent Allowance (HRA), Leave Travel Allowance (LTA), and investments under different sections of the Income Tax Act, 1961. This system promoted savings and investment habits but was often seen as complex, as it required careful financial planning, record-keeping, and knowledge of tax provisions. To address these complexities and make the system more taxpayer-friendly, the government introduced the new tax regime in the Union Budget 2020. This regime offers lower tax rates but removes most deductions and exemptions. Its main objective is to simplify the tax process, reduce compliance burden, and make tax calculation easier. However, instead of eliminating the old system, the government provided taxpayers with an option to choose between the old and new regimes, depending on what suits them best. This dual system has created a new challenge for salaried employees, as they must now evaluate and select the most beneficial option. The choice depends on several factors such as income level, investment patterns, financial goals, and awareness of tax rules. Many employees may lack proper understanding of both systems, which can lead to confusion or suboptimal decisions. In this context, focusing on Ranchi district, Jharkhand is important, as it represents a diverse group of salaried individuals from both government and private sectors. Studying their awareness and preferences helps to understand how well these tax reforms are being understood at the ground level. Overall, this study is based on the need to assess the effectiveness of tax reforms and their practical impact on taxpayers' decision-making.

III. STATEMENT OF THE PROBLEM

Taxation is an essential component of the economic system of every country, and Income Tax serves as one of the major sources of revenue for the Government of India. In recent years, the Indian taxation system has undergone several reforms with the objective of simplifying tax administration, improving transparency, and encouraging voluntary tax compliance. One of the most significant reforms introduced by the Government of India was the implementation of the New Tax Regime under Section 115BAC through the Finance Act, 2020.

The introduction of the New Tax Regime created an alternative taxation structure alongside the existing Old Tax Regime. Under the Old Tax Regime, taxpayers can claim various deductions and exemptions such as Section 80C investments, House Rent Allowance (HRA), medical insurance deductions, home loan benefits, and other tax-saving provisions. On the other hand, the New Tax Regime offers lower tax rates but removes most deductions and exemptions. As a result, taxpayers are now required to compare both regimes and select the option that is more beneficial according to their income, investments, savings, and financial commitments.

Although the introduction of two tax regimes was intended to provide flexibility and simplicit to taxpayers, it has also created confusion and complexity among salaried employees. Many employees find it difficult to understand the differences between the two regimes, calculate tax liability accurately, and determine which regime is financially advantageous for them. The decision-making process becomes even more challenging for individuals who lack adequate knowledge regarding tax provisions, deductions, exemptions, and tax planning strategies.

Salaried employees constitute one of the most important groups of taxpayers because their income is fixed, documented, and subject to Tax Deducted at Source (TDS). Despite regular tax deductions, many employees possess limited awareness regarding income tax rules and available tax-saving opportunities. In many cases, taxpayers rely heavily on employers, tax consultants, chartered accountants, friends, online platforms, or social media for tax-related decisions instead of having proper personal understanding of the taxation system.

IV. IMPORTANCE OF THE STUDY

1. The study titled "Income Tax Awareness and Preference between the New and Old Tax Regimes among Salaried Employees in Ranchi District, Jharkhand" is highly important in the present taxation and economic environment of India. Income tax is one of the major sources of government revenue and plays an important role in the economic development of the country. Every salaried employee who earns taxable income is directly connected with the taxation system. Therefore, awareness regarding income tax provisions, tax-saving opportunities, and tax regime selection has become an essential part of financial literacy and personal financial management.
2. In recent years, the Government of India introduced major reforms in the income tax system through the introduction of the new tax regime. This new regime was designed to simplify taxation by offering lower tax rates while removing many deductions and exemptions available under the old regime. As a result, taxpayers now have the option to choose between the old tax regime and the new tax regime according to their financial condition and investment preferences. Although this reform was introduced with the objective of simplifying taxation, many salaried employees still face confusion while selecting the most beneficial regime. Some employees continue to prefer the old regime due to tax-saving deductions, while others choose the new regime because of lower tax rates and simplified calculations.
3. In this situation, studying the awareness and preferences of salaried employees becomes extremely important. This research helps in understanding how much employees know about taxation and what factors influence their tax regime choices. The study is especially important in Ranchi District, Jharkhand, where salaried employees from government offices, educational institutions, banks, private companies, and public

sector organizations represent an important section of taxpayers.

4. One of the major importance of this study is that it helps in measuring the level of tax awareness among salaried employees. Tax awareness means the understanding of taxpayers regarding tax rules, tax slabs, deductions, exemptions, filing procedures, and other tax-related matters. Many salaried employees pay taxes regularly through Tax Deducted at Source (TDS), but they may not fully understand how the tax system actually works. Some individuals simply depend on employers, accountants, or online tax-filing applications without having complete knowledge of their own tax liabilities and benefits. Therefore, this study becomes important because it identifies whether employees possess sufficient knowledge regarding the income tax system and whether they understand the difference between the old and new tax regimes.
5. The study is also important because it examines the preference of salaried employees between the two tax regimes. Both tax systems have different features and benefits. The old tax regime allows taxpayers to claim several deductions and exemptions under different sections of the Income Tax Act, such as Section 80C, Section 80D, House Rent Allowance (HRA), Leave Travel Allowance (LTA), and home loan interest deductions. On the other hand, the new tax regime provides lower tax rates but removes most deductions and exemptions. Due to these differences, employees often find it difficult to decide which regime is more suitable for them. This study helps in understanding which regime employees prefer and the reasons behind their choices. It also helps identify whether taxpayers are selecting their regime based on proper financial understanding or simply due to convenience and lack of awareness.
6. Another important aspect of this study is its role in understanding financial planning behavior among salaried employees. Tax planning is closely connected with personal financial management because individuals often make investment decisions based on tax-saving opportunities.
7. Under the old tax regime, employees are encouraged to invest in provident funds, life insurance policies, pension schemes, mutual funds, and other tax-saving instruments to reduce their taxable income. Such investments not only help in tax saving but also support long-term financial security and wealth creation. However, under the new tax regime, taxpayers may not feel motivated to invest in such schemes because deductions are limited. Therefore, this study is important because it helps analyze how taxation policies influence savings habits, investment behavior, and financial planning among salaried individuals.

V. SCOPE OF THE STUDY

- The present study focuses on "Income Tax Awareness and Preference between the New and Old Tax Regimes among Salaried Employees in Ranchi District, Jharkhand." The study is limited to salaried employees working in various government and private sector organizations within Ranchi district. It aims to examine the level of awareness regarding income tax provisions, tax-saving deductions, exemptions, filing procedures, and understanding of the Old and New Tax Regimes.
- The study also analyzes the preference of salaried employees between the two tax regimes and identifies the factors influencing their choice. Factors such as income level, savings habits, investment patterns, educational qualification, financial literacy, and employment sector are considered while studying taxpayer preferences

VI. LITERATURE REVIEW

1. Kumar S. (2023) – He stated that salaried employees prefer tax regime based on their savings, investment, income expenditure. employees mainly claim old tax regimes for the deductions, which benefits and to pay less tax usually in compared to new regime and easily get tax filing. These also important for tax planning and highlighting the important role in decision making.
2. Ojha and Agarwala (2024) – he stated that many people now also get very confused in preferring the tax regimes, about who give more benefits among both regimes. lack of awareness about the tax planning and decision regarding related to the

tax regimes, which affect the taxpayers to get less deductions and pay more tax which was avoidable by proper information of tax planning. This study tells that there is more need of education among salaried employees.

3. Goel and Gang (2021) – They explained that employees who have more interest in investment like in tax saving schemes as eg LIC, PPF, and home loans, they prefer more in old tax regimes. According to the study the main attraction of old regime due to more deductions and more exemptions. The researcher analyse that new regime is better for individual who do not claim deductions. The study also explain that regime choice depends upon personal financial planning.
4. Rao and Anand (2024) – They observed that the new tax regime has simplified taxation and easier to pay tax for salaried employees. Lower tax rates and fewer exemptions reduce the paperwork and filing difficulties. The employee has more convenience and simple compliance prefer new regime. They also explain that simple taxpayers satisfy more and reduce confusion.
5. Kamble and shaikh (2023) – They stated that tax awareness was higher in urban and educated salaried employees, as comparison to rural and less educated salaried employees. The study reveals that people who had better financial literacy, they understand better tax provision more effectively. Awareness knows and helps in compares the regimes and make good decisions for paying tax effectively. The research express that many programmes were conducted for awareness session for employees' study includes more financial education increases tax planning behaviour.
6. Deshpande and Rakshe (2025) – They stated that nowadays also many employee are shift their burden to chartered accountants and tax consultants ,who manages selections of tax regime and conclude , which is better for taxpayers .So, It also very limited to salaried employee about their understanding of taxation is very less and , likewise they also don't know, why he/she give tax and in what portion of salary amount. Professional advice always plays an active role in tax planning and returns filing. Their research analyses or suggest that increasing awareness reduce external depended. The study concludes that tax education always essential for informed decision
7. Bhadra and Sharma (2024) – They found that frequently changes in tax regime and budget announcement may create confusion among taxpayers, that which is better for them and get more benefits by paying tax. employees were very uncomfortable to understand the revised tax rules and exemptions; they struggle knowing the benefits which deduction more. Study focuses on instability tax provision may affect regime preferences and planning of financial pay. They suggested that stable, transparent and clear tax policies enhanced the confidence of taxpayers. The study at last said that programmes were conducted for awareness and reduce confusion.
8. Bagul (2021) – It emphasised how the importance of tax awareness programmes for salaried employees. They focus on the more awareness and educated about the tax planning, which helps taxpayer to understand deduction, exemption and filing process. The more awareness campaign conducted, the more improvement in financial literacy and easier to understand tax compliance. The researcher analysed that taxpayer who understand the system of better planning make better investment and tax decisions. The study concludes that education related to awareness reduces the errors in filing.
9. Patel and Mehta (2022) – They explained that person who do higher investment they get to prefer mainly old regime due to more tax saving benefits by getting deductions more and pay less tax amount. This study also analyse that deduction enhanced or boost employees to invest more in saving schemes to get benefit. This researcher finds that higher salaried people generally use deductions to reduces tax liability. The study concludes that investment behaviour strongly influences regime preferences.
10. Singh and Verma (2023) – They observed that new or younger salaried employees prefer new tax regime and more interest in choosing the new regimes. The study mention that simpler and transparent structure for paying tax attracts the younger generation, it also reduces the compliance and burden among them. Many young taxpayers prefer convenience in comparison to the tax saving benefits. The study concludes that

taxpayer decision changes according to modern work culture and financial behaviour.

11. Sharma and Gupta (2022) – They found that, nowadays also many salaried employees did not know or fully understand about the deductions, exemptions and rebates available under the law of tax. Due to law of awareness about tax provision, it led to poor tax planning and pay more or higher tax liability. The researcher focuses more on the study of awareness and give importance to financial literacy and employee guidance. The study concludes that awareness provides better and choosing suitable tax regime.
12. Jain and Sinha (2024) – They stated that financial habits and investment pattern may influence frequently in choosing tax regimes among old and new. Employees who have a long-term investment and savings, they generally prefer old regimes due to avail higher deductions benefits which less the amount payable. The study also analyse that spending behaviour of employees and income level also effect taxpayer decisions. The researcher concluded that every individual, have personal financial goals, which play a major role in regime selection.
13. Mishra and Das (2023) – They highlights that, when employees provide a seminar of tax awareness among employees, it improves the awareness level of employees about tax planning. The study states that workplace awareness programmes benefits employees about understanding tax rules effectively and efficiently. Employees when gain the knowledge of tax related decisions, now they make informed decisions. The study concludes that organisation who will provide tax education to employees will get higher benefits and supports tax awareness initiatives.
14. Agarwal and Roy (2021) – They explained that the salaried employees who prefer new tax regime benefits, had no claim many deductions and exemptions benefits, The study described the regime as easier, simple and transparent to taxpayer friendly. The employees who do less investment prefer new system to attract low tax rates. The study concludes that for simpler regimes of tax, new regime is suitable for employees seeking easier tax filing process.
15. Nair and Pilani (2022) – They founded that tax awareness and tax savings affects by the financial literacy of employees directly. employees who had greater or sufficient knowledge about financial planning are more capable and understandable among tax regimes and deductions and exemptions. The study more focuses on financial education programmes in the organization and educational institutions. The study concludes that awareness helps in improving financial planning and better decision making.
16. Khan and Ali (2023) – They observed that simple structure of tax enhance voluntarily payment among salaried employees. due to less complexity more payment of tax was done. The study highlights that easier process of filing boost honesty in reporting and reduce errors in tax returns. The researcher also supports the reforms of taxation process, which makes it transparent and user friendly. The study concludes tax simplification satisfy more to taxpayer.
17. Saxena and Joshi (2024) – They stated that every salaried employee's person take decision before compare tax liability and carefully comparison of both regimes. The study found that income level, deductions and exemptions influence the decision of tax regime among old vs new. employees always prefer regimes which benefits the most and reduces payment of tax burden. The researcher stated that better financial analyses play an important role in decision making relating to tax planning.
18. Paul and Dutta (2022) – They found that middle income most salaried employee prefer old tax regime due to investment related deductions. Benefits related to insurance, PF , and housing loan attract employee relate to old system, The study explores that more savings through deductions prefer more by taxpayers. The researcher concludes that strong financial helps tax payer preferences.
19. Verma and Choudhary (2026) – They observed that many salaried employees have not complete knowledge about tax rules, deductions, exemptions, and difference among old and new tax regime. Due to lack of knowledge, they depend upon CA and tax consultants. The study concludes that better tax awareness programmes

concluded and make informed decision by salaried employees about financial decisions.

20. Reddy and Kumar (2024) – They explain that government should introduce the tax reforms which simplify the tax structure and transparent for taxpayer in payment and make flexible. The researcher explains that easier tax structure makes quick and easy payment of tax and on time without any hindrance. It involves less paperwork and compliance easier. The study concluded simple and friendly policies important.

VII. RESEARCH GAP

Although several studies have examined income tax awareness and taxpayer preferences in India, important research gaps still exist, particularly after the introduction of the new tax regime. Most previous studies have focused on metropolitan cities or national-level data, with very limited research on salaried employees in Ranchi district. Existing literature also provides insufficient evidence on the actual level of awareness regarding the differences between the old and new tax regimes, as many taxpayers may be aware of the regimes but lack a clear understanding of their features and benefits. Further, earlier studies have mainly compared tax liabilities without adequately examining the factors influencing taxpayers' choice of regime, such as income, investment behaviour, savings habits, family responsibilities, and access to professional advice. There is also limited research on how recent policy changes in the new tax regime have affected taxpayer preferences.

Another significant gap is the lack of studies exploring the relationship between income tax awareness and tax regime choice. In addition, the role of different information sources (such as employers, tax consultants, financial advisors, and digital platforms) in shaping taxpayer awareness has not been studied extensively. Most existing research also combines different categories of taxpayers, giving less attention to salaried employees as a separate group. Moreover, behavioural aspects such as perceptions, confidence, satisfaction, and decision-making challenges have received comparatively little attention. Therefore, the present study seeks to fill these gaps by examining the level of income tax awareness, understanding of the old and new tax regimes, and tax regime preferences among salaried employees in Ranchi district. It also investigates whether income tax awareness influences the choice of tax regime, thereby providing useful insights for policymakers and tax authorities.

VIII. RESEARCH QUESTION

1. What is the level of awareness about income tax among salaried employees in Ranchi district?
2. How well do salaried employees understand the difference between the new and old tax regimes?
3. Which tax regime (new or old) is preferred by salaried employees in Ranchi?

IX. RESEARCH OBJECTIVE

• To find out how much salaried employees in Ranchi know about income tax.
• To understand how well they are aware of the new and old tax regimes.
• To study which tax regime is more preferred by salaried employees.

X. HYPOTHESES

Awareness and choice
H0 (Null Hypotheses): There is no relationship between income tax awareness and choice of regime.
H1 (Alternative Hypotheses): There is a relationship between income tax awareness and choice of tax regime.

Research Design
The study will use a descriptive research design to understand the level of income tax awareness and preference between the old and new tax regimes among salaried employees.

Nature of Study
The study is analytical and survey-based, as it examines opinions, awareness, and choices of respondents.

Sources of Data
Primary Data: Collected through a structured questionnaire from salaried employees

Secondary Data: Collected from books, journals, research articles, government reports, and official income tax websites.

Study Area
The study will be conducted in Ranchi district, Jharkhand.

Population of the Study
The population includes salaried employees working in government, private, and semi-government sectors.

Sample Size
A sample of around 80–120 respondents will be selected for the study.

Sampling Technique
Convenience sampling method will be used due to ease of data collection and time constraints.

Data Collection Tool
A structured questionnaire will be used, including both close-ended (MCQs, Yes/No) and a few open-ended questions.
Variables of the Study
* Level of tax awareness
* Preference for old vs new tax regime
* Factors influencing choice (income, deductions, simplicity, etc.)

Data Analysis Techniques
Data will be analysed using:
1. Percentage method
2. Tables and charts
3. Simple comparison

XI. DATA ANALYSIS AND INTERPRETATION

Demographic Profile
Before starting analysis of the questionnaire, it's very important to know that who is responding. The survey was conducted with the help of Google Form. Google form was distributed to the people Of Ranchi district and we got 133 responses. Responses is analysed by the help of SPSS Software.

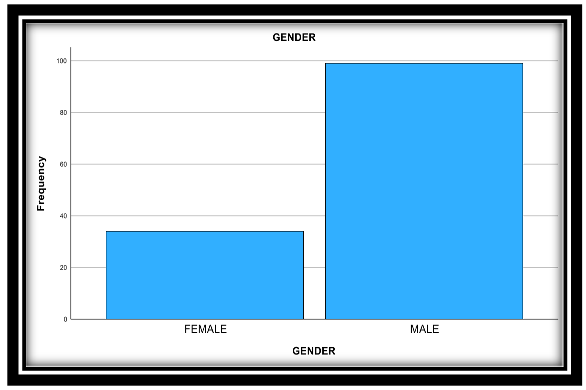
1. Gender

TABLE 5.1: GENDER

	Frequency	Percent	Valid Percent	Cumulative Percent
FEMALE	34	25.6	25.6	25.6
MALE	99	74.4	74.4	100.0
Total	133	100.0	100.0	

Sources – Source: Primary Data, Analyzed By SPSS

GRAPH GENDER



Source: Primary Data, Generated By SPSS

Interpretation
The above table shows that out of 133 respondents, 99 (74.4%) were male and 34 (25.6%) were female. This suggests that the respondents of the study were mostly men workers.Hence the views and answers gathered are more representative of male answers.

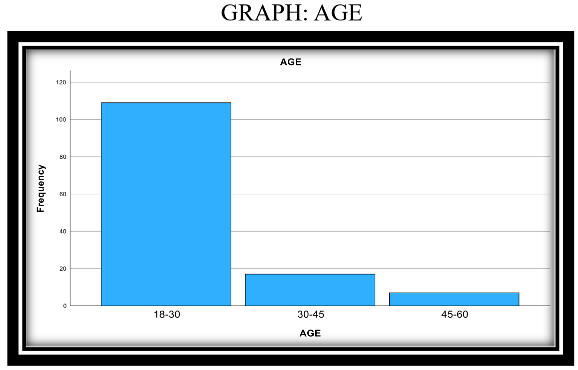
2 Age

Table AGE

Age	Frequency	Percent	Valid Percent	Cumulative Percent
1830	109	82.0	82.0	82.0
3045	17	12.8	12.8	94.7
4560	7	5.3	5.3	100.0
Total	133	100.0	100.0	

Source: Primary Data, Generated By SPSS

GRAPH: AGE



Source: Primary Data, Generated By SPSS

Interpretation

The table shows that 109 (82.0%) respondents fall in the age group of 18-30 years while 17 (12.8%) respondents belong to age group 30-45 years and just 7 (5.3%) respondents belong to age group 45-60 years.From the above conclusion, it can be inferred that majority of the respondents are young salaried employees

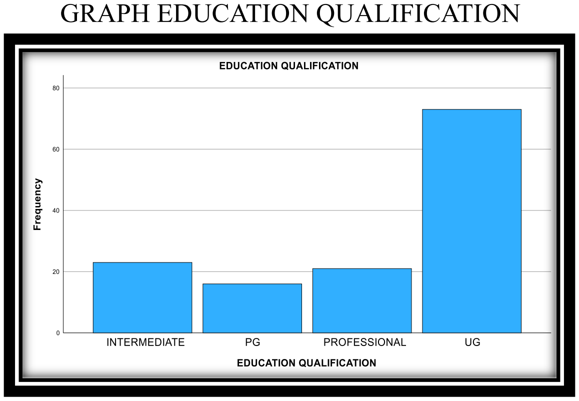
2. Education Qualification

TABLE 5.3 : EDUCATION QUALIFICATION

	Frequency	Percent	Valid Percent	Cumulative Percent
INTERMEDIATE	23	17.3	17.3	17.3
PG	16	12.0	12.0	29.3
PROFESSIONAL	21	15.8	15.8	45.1
UG	73	54.9	54.9	100.0
Total	133	100.0	100.0	

Source: Primary Data, Generated By SPSS

GRAPH EDUCATION QUALIFICATION



Source: Primary Data, Generated By SPSS

Interpretation

The table shows that 73 respondents (54.9%) have obtained a graduate qualification, 23 (17.3%) an intermediate qualification, 21 (15.8%) a professional qualification and 16 (12.0%) a higher qualification (postgraduate).Thus, it can be said that the greatest number of the sample were made up of graduates.

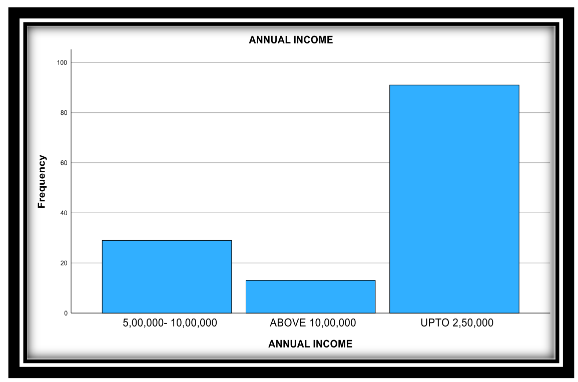
3. Annual Income

TABLE 5.4 : ANNUAL INCOME

Income	Frequency	Per	Valid Percent	Cumulative Percent
5,00,000-10,00,000	29	21.8	21.8	21.8
ABOVE 10,00,000	13	9.8	9.8	31.6
UPTO 2,50,000	91	68.4	68.4	100.0
Total	133	100.0	100.0	

Source: Primary Data, Generated By SPSS

GRAPH ANNUAL INCOME



Source: Primary Data, Generated By SPSS

Interpretation

The table shows that 91 respondents (68.4%) have an annual income of up to ₹2,50,000, 29 respondents (21.8%) earn between ₹5,00,000 and ₹10,00,000, and 13 respondents (9.8%) earn above ₹10,00,000. This indicates that the majority of respondents are from lower income groups.

4. Annual Savings

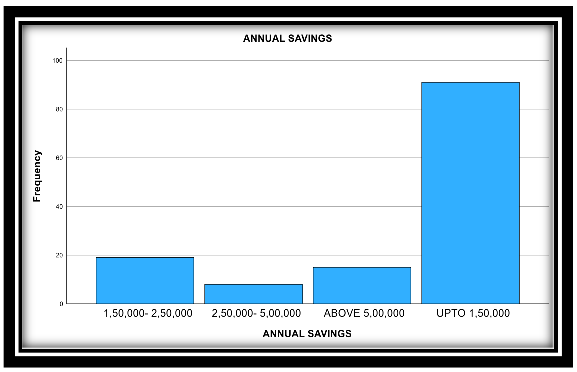
TABLE 5.5: ANNUAL SAVINGS

Savings	Frequency	Percent	Valid Percent	Cumulative Percent

1,50,000-2,50,000	19	14.3	14.3	14.3
2,50,000-5,00,000	8	6.0	6.0	20.3
ABOVE 5,00,000	15	11.3	11.3	31.6
UPTO 1,50,000	91	68.4	68.4	100.0
Total	133	100.0	100.0	

Source: Primary Data, Generated By SPSS

GRAPH ANNUAL SAVINGS



Interpretation

The table reveals that 91 respondents (68.4%) save up to ₹1,50,000 annually, 19 respondents (14.3%) save between ₹1,50,000 and ₹2,50,000, 15 respondents (11.3%) save above ₹5,00,000, and 8 respondents (6.0%) save between ₹2,50,000 and ₹5,00,000. That is, most of the respondents have comparatively small savings on an annual basis.

Data Analysis and Interpretation of Responses

A total of 133 salaried employees from Ranchi district participated in the study. The analysis was conducted using SPSS to understand respondents' awareness of income tax, their perceptions of the old and new tax regimes, and the factors influencing their tax regime preferences.

The findings reveal that tax awareness is considered highly important by the respondents. Nearly 96.2% of the participants either agreed (24.8%) or strongly agreed (71.4%) that tax awareness is essential for salaried employees, while only 3.8% disagreed. This indicates that respondents recognize the importance of understanding tax provisions for effective financial management.

Regarding the simplicity of the new tax regime, 70% of the respondents believed that it is simpler than the old regime, with 45.9% agreeing and 24.1% strongly agreeing. However, 30.1% remained neutral, suggesting that although the new regime is generally viewed as simpler, some employees are still uncertain about its practical benefits.

The study also examined perceptions of the old tax regime. About 67.7% of respondents agreed or strongly agreed that the old regime promotes savings and investment through deductions and exemptions. Only 11.3% disagreed, while 21.1% remained neutral. This indicates that tax-saving provisions continue to make the old regime attractive for many salaried employees.

Frequent changes in tax regulations were found to create confusion among taxpayers. Around 63.1% of respondents agreed that regular policy changes make tax planning difficult, whereas 36.8% remained neutral. These findings suggest that continuous amendments in tax laws increase uncertainty among taxpayers.

When respondents were asked about their own knowledge of income tax provisions, 54.9% believed they possessed adequate knowledge, while 45.1% remained neutral. The high proportion of neutral responses indicates that many employees are unsure of their understanding and may require additional tax education.

Deductions and exemptions emerged as one of the most influential factors in selecting a tax regime. Nearly 79% of respondents agreed or strongly agreed that these benefits significantly affect their decision, while only 3.8% strongly disagreed. This demonstrates that tax-saving opportunities remain an important consideration despite the availability of lower tax rates under the new regime.

Similarly, reduced tax rates under the new regime attracted a large proportion of respondents. Approximately 72.9% either agreed or strongly agreed that lower tax rates make the new regime attractive, whereas 19.5% remained neutral and 7.5% disagreed.

The study found a high level of awareness regarding the two tax regimes. A significant 85.7% of respondents stated that they were aware of the differences between the old and new tax regimes, while only 14.3% reported a lack of awareness. This indicates that most salaried employees possess basic knowledge of the available tax options.

Tax awareness was also viewed as an essential component of financial planning. Around 79% of respondents agreed or strongly agreed that understanding taxation helps in effective financial planning, reinforcing the importance of tax literacy in personal financial management.

The survey further revealed that salaried employees require greater assistance in selecting the most suitable tax regime. More than 90% of respondents believed that additional guidance is necessary, indicating a strong demand for professional advice and taxpayer education.

Although the majority considered the new tax regime simpler, opinions were somewhat divided. About 54.1% agreed that it reduces the complexity of tax planning, while 39.1% remained neutral. This suggests that many employees still require practical understanding before fully accepting the new system.

Respondents also expressed strong support for government initiatives aimed at improving tax awareness. More than 84% agreed that the government should organize additional tax awareness and educational programmes to help taxpayers make informed decisions.

Income level was identified as another important determinant of tax regime preference. Around 66.4% of respondents agreed that their choice of tax regime depends on their income, indicating that financial circumstances significantly influence tax planning decisions.

The role of employers was also highlighted. Approximately 71% of respondents believed that employers should provide proper tax-related guidance and support, reflecting the expectation that organizations should assist employees in tax planning.

Professional consultation was considered valuable in tax decision-making. Nearly 75.4% of respondents agreed that professional advice helps individuals select the most suitable tax regime, emphasizing the importance of tax consultants and financial advisors in improving tax awareness.

Finally, the study examined respondents' preferred tax regime. The results show that 61.7% preferred the New Tax Regime, while 38.3% preferred the Old Tax Regime. This indicates that although the old regime continues to attract taxpayers because of its deductions and investment incentives, the simplicity and lower tax rates offered by the new regime have made it the preferred choice among the majority of salaried employees.

Overall Findings

The overall analysis indicates that salaried employees in Ranchi possess a reasonably good level of awareness regarding income tax and the differences between the old and new tax regimes. Most respondents believe that tax awareness is essential for financial planning and decision-making. While the New Tax Regime is preferred by the majority due to its simplified structure and lower tax rates, deductions, exemptions, and investment benefits continue to make the Old Tax Regime attractive for many taxpayers. The findings also reveal a strong need for greater tax education, professional guidance, and awareness programmes to help salaried employees make informed tax regime choices.

XII. OBJECTIVE WISE ACHIEVEMENT

Achievement of Research Objectives

Research Objective		Supporting Findings
1. To find out how much salaried employees in Ranchi know about income tax.	Achieved	The study found that salaried employees possess a satisfactory level of income tax awareness. About 96.2% of respondents agreed that tax awareness is important, 85.7% were aware of the differences between the old and new tax regimes, and 79% believed that tax awareness plays an important role in financial planning. However, 45.1% of respondents remained neutral regarding their own knowledge of income tax provisions, indicating scope for further awareness programmes.
2. To understand how well they are aware of the new	Achieved	The findings indicate a good level of awareness of both tax regimes. Around 70% of respondents believed that the new tax regime is simpler, while 67.7% felt that the old

Research Objective		Supporting Findings
and old tax regimes.		regime promotes savings and investment. Nearly 79% stated that deductions and exemptions influence their tax regime choice, and 72.9% agreed that lower tax rates make the new regime attractive. More than 90% also expressed the need for additional guidance in selecting the appropriate tax regime.
3. To study which tax regime is more preferred by salaried employees.	Achieved	The analysis shows that the New Tax Regime is the preferred option among respondents. Out of 133 salaried employees, 82 (61.7%) preferred the New Tax Regime, while 51 (38.3%) preferred the Old Tax Regime. .

XIII. FINDINGS

The present study examined the level of income tax awareness, tax regime preferences, and the relationship between tax awareness and financial planning among salaried employees in Ranchi district. Primary data were collected from 133 respondents and analyzed using SPSS.

The demographic analysis revealed that the majority of respondents were male (74.4%), belonged to the 18–30 years age group (82%), and were graduates (54.9%). Most respondents earned up to ₹2.5 lakh annually and had moderate annual savings, indicating that the sample largely represented young salaried employees with relatively lower income levels.

The findings indicate that respondents possess a good level of basic tax awareness. About 96.2% considered tax awareness important for salaried employees, while 85.7% were aware of the differences between the old and new tax regimes. However, 45.1% of respondents were neutral regarding their own knowledge of income tax provisions, suggesting that many employees understand the existence of different tax regimes but lack detailed knowledge of tax laws, deductions, exemptions, and tax planning strategies.

Regarding tax regime preferences, the study found that 61.7% of respondents preferred the New Tax Regime, mainly because of its simplified structure and lower tax rates. At the same time, 38.3% preferred the Old Tax Regime due to the availability of deductions and exemptions that encourage savings and investments. The study further revealed that deductions, exemptions, income level, and financial goals significantly influence taxpayers' choice of tax regime.

The findings also highlight the importance of tax awareness in financial planning. Nearly 79% of respondents agreed that tax awareness contributes to effective financial planning, while 79% also stated that deductions and exemptions influence their tax regime selection. Most respondents believed that frequent changes in tax policies create confusion and make tax planning more difficult.

The study further revealed a strong demand for tax guidance and education. More than 90% of respondents felt that salaried employees require greater guidance while selecting an appropriate tax regime. Respondents also emphasized the importance of employer support, professional consultation, and government-sponsored tax awareness programmes.

The hypothesis testing using the Chi-square test established a statistically significant relationship between tax awareness and tax regime selection ($p < 0.05$). Therefore, the null hypothesis was rejected, confirming that higher tax awareness positively influences informed tax regime selection and effective financial planning.

XIV. RECOMMENDATIONS

Based on the findings, the following recommendations are proposed:

1. Strengthen Tax Awareness Programmes: The Income Tax Department should conduct regular awareness campaigns, workshops, and seminars to improve taxpayers' understanding of tax provisions, deductions, exemptions, and tax regime selection.
2. Employer-Based Tax Education: Organizations should organize annual tax awareness sessions and provide employees with guidance on choosing the most beneficial tax regime based on their income and investment profile.
3. Simplify Tax Communication: Tax-related information should be presented in simple

language, supported by bilingual (Hindi and English) guides, infographics, and digital content to improve understanding among salaried employees.

4. Enhance Professional Guidance: Employers and financial institutions should facilitate access to qualified tax professionals who can provide personalized advice regarding tax planning and tax regime selection.
5. Promote Early Tax Planning: Employees should be encouraged to begin tax planning at the beginning of the financial year rather than making last-minute investment decisions, enabling more effective financial planning and tax savings.

XV. CONCLUSION

The study concludes that salaried employees in Ranchi possess a satisfactory level of basic income tax awareness, but many still lack comprehensive knowledge of tax provisions and planning strategies. While the New Tax Regime has emerged as the preferred option because of its simplified structure and lower tax rates, the Old Tax Regime continues to remain relevant due to its tax-saving deductions and investment incentives.

The findings confirm that tax awareness significantly influences financial planning and tax regime selection. Factors such as income level, deductions, exemptions, investment behaviour, and financial objectives play an important role in taxpayers' decisions. The statistical analysis further established a significant relationship between tax awareness and tax regime preference.

Overall, the study highlights the need for continuous taxpayer education, simplified tax communication, employer support, and professional guidance to enable salaried employees to make informed financial decisions. Improving tax awareness will not only enhance individual financial planning but also contribute to greater tax compliance and a more informed taxpayer community.

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