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Individual Income Tax Planning Practices in Bangladesh: An Empirical Study

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Keywords: *income tax planning, income tax planning index, individual assessee, bangladesh.*

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INDIVIDUALINCOMETAXPLANNINGPRACTICESINBANGLADESHANEMPIRICALSTUDY

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Individual Income Tax Planning Practices in Bangladesh: An Empirical Study

Dr. Shakhawat Hossain Sarkar [α], Sabuj Chandra Bhowmik [σ] & Dr. Mohammed Hider Ali Miah [ρ]

Abstract- The study strives to explore individual income tax planning practices in Bangladesh using field-level data from 194 assessees. The dichotomous procedure was used to score the items. Analytical results indicate that income tax planning scenario in Bangladesh was in a nascent state as compared to India. In Bangladesh, government and nongovernment employees invested more on investment than on philanthropic items and, they invested more in provident fund, benevolent fund, and group insurance, which were a mandatory for them. Deposit pension scheme (DPS), life insurance, and saving certificate were sequentially top ranking voluntary investment in Bangladesh, whereas life insurance was the highest investment in India. Income tax planning index (ITPI) was towering for tax knowledge seekers, self-return prepares, male and elderly respondents. A positive relationship was observed between tax awareness and individual tax planning that suggests more tax rules conscious individual assessee could enjoy maximum tax rebate in Bangladesh.

Keywords: income tax planning, income tax planning index, individual assessee, bangladesh.

I. Introduction

Tax is a compulsory payment of assessee to the government with no expectation of direct benefits. The government imposes a tax in different forms to meet its expenditure. Based on impact and incidence, taxes are classified into direct and indirect, wherein the former is charged directly on the income or wealth of individuals and firms, but the latter is imposed on the price of goods and services. As a direct tax, the burden of income tax cannot be shifted to others. Income tax is imposed on the total income of an assessee for an income year in the relevant assessment year (subsequent financial year of the income year) at promulgated rates, ranges, and areas of income. There are some well-defined areas on which investment is considered as allowable investment, and there is an option for an individual assessee to get a tax rebate on that invested amount. Investment by an individual assessee on a limit in any or more of the circulated areas in an income year is a way to minimize her/his tax burden within the legal framework. Tax planning is a way to reduce the tax burden of an assessee through investing in the pronounced areas and philanthropic giving under the tax rules. The concept of tax avoidance is also known as tax planning if it is done with the legal framework. Literature support that tax planning is very common among assessees in India. Conversely, individual tax planning picture in Bangladesh is not so due to insufficient literature. In this context, it is imperative to investigate the present tax planning scenario in Bangladesh using field-level data.

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II. Background of the Study

Taxes are a compulsory payment to the government without any expectation of direct return in benefit to the assessee (Taylor cited in Shil, Masud & Alam, 2016). Direct and indirect are two types of tax based on the impact and incidence of tax. Direct tax is paid entirely by those citizens on whom it is imposed, and it cannot be shifted to others. Income tax is one of the significant direct taxes that contributes up to 35.3 percent of the total tax revenue in Bangladesh (Shil et al. 2016) as against up to 52 percent in India (Dey & Varma, 2016). Paying income tax by individuals is always a matter of inconvenience, and hence, every individual tries to minimize their tax liabilities through legal means (Dey & Varma, 2016). Tax planning is a strategy of reducing tax liability of individuals or firms by evaluating the tax implications of various options in an income year (Shil et al. 2016). Tax planning is the arrangement of one's financial affairs in such a way that full advantage is taken in the form of tax exemptions, deductions, concessions, rebates, allowances and other reliefs or benefits permitted under the Income Tax Act (Vasanthi, 2015). Efficient tax planning enables an assessee to reduce her/his tax liability to the minimum. This is done by taking legal advantage of all tax exemptions, deductions, rebates, and allowances while ensuring that investments are in line with long-term financial and strategic goals (Savita & Gautam, 2013). The tendency of savings and investment through proper tax planning by individuals is increasing gradually. The small investments of individuals greatly contribute to the development of a nation. In India, households are the largest contributor (around 70 percent of domestic savings) to the national pool of savings (Rajeswari, 2014). That is why it is essential to observe individual tax planning practices so that the tax burden of individual assessees can be reduced within the legal framework through increased use of investment allowance on the pronounced areas. In this regard, this study area has

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been selected to explore and address individual tax planning issues.

III. Justification

Government expenditures for economic growth and development as well as balances and social equality heavily depend on tax levy and tax payment mechanisms of a country. There are lots of available opportunities for tax avoidance within the legal framework through contributing to human welfare and investing in different pronounced areas which induce further economic growth and development. From the theoretical and practical point of view the study is important for several reasons. First, this study will enrich the existing stock of knowledge in the field of taxation in Bangladesh. Second, findings would help the policy planners/ decision levels authorities to make suitable policy measures to drive maximum benefits from the increased number of welfare activities by individual assessees. Finally, findings would help to form capital through reducing the tax liability of individual assessees.

IV. Objective and Scope of the Study

The study is an attempt to evaluate the tax planning practices of individual assessees in Bangladesh. The study also strives to track different tax savings schemes available for individual assessees in Bangladesh. Thus the scope of the study is limited to tax planning measures adopted by individual assessees in Bangladesh.

V. Methodology

It is empirical research based on both primary and secondary sources of data. It is also a mixed method of research as both qualitative and quantitative data, and methods of analysis have been used. Individual assessees in Bangladesh were the population of the study. The sample size of the study was 194 individual assessees. The primary data was collected through administrating semi-structured questionnaire with the combination of both open ended and close ended questions relating to tax planning practices of individuals.

To find out the levels of income tax planning (ITP) scenario, 28 items (Appendix-1) were selected through a review of related literature and income tax laws. The study considered 'Income Tax Planning Index (ITPI)' as the dependent variable. There are various approaches available to develop a scoring scheme for determining tax planning practices. Among the alternative, unweighted disclosure index approach was used to measure the extent of income tax planning practices. All items of information (compliance information) in the index were considered equally important to the average users. To compute ITPI, a dichotomous procedure was followed where each of the compliance items awarded a score of 'one' if the assessee complied with the concerned item and '0' otherwise. Comprising the score of the compliance items a dependent variable was determined as Income Tax Planning Score (ITPS) for each assessee was obtained through accumulating the score of all compliance items of an assessee as follows:

$$ITPS = \sum_{i=1}^{n} di$$

Where,

d= 1 if the assessee practiced the item d_i

d= 0 if the assessee did not practice item d_i

n= number of items

ITPI of each assessee was computed by using the following formula:

$$ITPI = \frac{\text{ITPS of Individual Assessee}}{\text{Maximum Possible Score Obtainable}} \times 100$$

Data were analyzed by using different statistical tools to disclose the results. Frequency and percentile were used through STATA version 14 to get results. As stated earlier, the dependent variable of the study was ITPI.

VI. Review of Literature

Related and relevant available literature at home and abroad was reviewed to find out the research gap, formulating research questions, and to limit the scope of the research. The outcome of the review of literature is summarized below.

Tax planning means to create situations and investment portfolios, which are tax efficient. It is about taking maximum advantage of exemptions, deductions, rebates, and reliefs allowed for under the act to reduce the tax liability to its minimum (Mathew, 2016). Tax planning involves efficient use of various provisions and loopholes of tax laws to reduce the rate of tax and tax burden of an assessee (Pallavi & Anuradha, 2017). Tax planning is an assortment of financial activities in such a way that could maximize tax benefit by making the use of all beneficial provisions in the tax laws; it entitles an assessee to avail certain exemptions, deductions, rebates and reliefs to minimize her/his tax liability (Mansuri & Dalvadi, 2012). Tax planning can be defined as an arrangement of one's financial and business affairs by taking lawful benefit of all deductions, exemptions, allowances, and rebates to reduce the tax liability to its minimum (Saravanan & Lakshmi, 2017). Based on the tax benefit received by the assessee, tax planning can be divided into two types: short range tax planning and long-range tax planning. The act of long-range tax planning is more beneficial for assessee as well as for the government (Pallavi & Anuradha, 2017). Tax avoidance is the legal exploitation of the tax rules to one's advantage and to reduce tax burden within the

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law (Shil et al. 2016). Tax evasion is unlawful, tax avoidance is not an offense, but tax planning is ethical and lawful. Tax planning is vital for every assessee to reduce their tax liability and compliance with the income tax rules (Dey & Varma, 2016). Tax planning is not for a few, but all honest and prudent assessees. A wrong choice may lead to an agonizing burden while a right step in the right direction through proper tax planning may lead to tax savings (Metha cited in Vasanthi, 2015). All transactions in respects of tax planning must be by the true spirit of statute and should be correct in form and substance (Savita & Gautam, 2013). Tax planning doesn't mean not paying taxes, it just means being smart about where to place money to get maximum investment allowance (Mansuri & Dalvadi, 2012). Tax planning does not mean skipping the payment of income tax; it is just an efficient allocation of earned income in different tax savings investment instruments to attain maximum benefits by an assessee (Kalgutkar, 2018). Tax planning is a process of evaluating the financial profile of individuals and businesses to reduce the tax amount on business income or personal earnings (Mgammal & Ismail, 2015).

In India, households are the largest contributors to the national pool of savings. Their share in net domestic savings in India remains around 70 percent on an average (Rajeswari, 2014). The highest number of respondents invested in the life insurance policy (41 percent) and the second most preferred tax savings investment is in public provident fund (21 percent) (Jose & Joseph, 2016). In another study on India shows that 88.3 percent of the respondent assessees have invested in the life insurance policy (Arara & Gupta, 2017). Individuals in higher age group, state, and central government employees, and more skilled employees are very cheerful with their tax planning schemes. The level of satisfaction also does not vary among the educational level (Vasanthi, 2014). The most used tax saving device in India is the life insurance policy followed by the provident fund (Savita & Gautam, 2013).

Thus it is evident from the review of available literature that many research works have been done on individual tax planning in India. There is some literature on corporate tax evasion and avoidance in Bangladesh. But there is hardly any literature on individual tax planning in Bangladesh context. Here is a research gap, and that's why the present study is an attempt to fill in this gap.

VII. Results and Discussion

The results on individual tax planning practices with a brief discussion are presented in this section. An item-wise frequency distribution on tax planning practices relating to investment and donation is presented in tables, and a brief explanation is given after that. Tax planning practices are analyzed through descriptive statistics.

a) Actual Investment and Donation

Table-1 demonstrates that the individual tax planning practices in investment items were higher than donation/ philanthropic items in the promulgated areas. Most of the assessees under the study contributed to benevolent fund (60.31 percent), provident fund for government employees (53.61 percent), group insurance scheme (45.36 percent), and recognized provident fund (39.18 percent). It should be mentioned here that all of the above mentioned four items were under mandatory investment for individuals employed in government organizations and some private organizations. So, the credit for investment in the above-mentioned areas should not go to individual assessees. There were several voluntary investment schemes available to individual assesses, and that should be the focal point of tax planning practices. From this viewpoint, highest investment was made by individual assessees in deposit pension scheme (40.72 percent) followed by life insurance premium (36.60 percent), and investment in saving certificate (31.44 percent) in that order. In India, life insurance was the first tax saving instrument, and the provident fund was the second most adopted tax saving instrument (Savita & Gautam, 2013). A few individual assessees invested in a superannuation fund (13.40 percent), in stock, shares, etc. (13.40 percent), in the desktop computer (20.10 percent), in laptop computer (19.59 percent), and in Government Treasury Bond (0.52 percent).

It is also evident from table-1 that the actual scenario of donation by individual assessees was very insignificant in Bangladesh. Highest by individual assessees was in Zakat Fund (5.67 percent) followed by jointly in prime minister's relief fund (3.09 percent) and welfare institutions for disabled people (3.09 percent). No donation was made to Aga Khan Development Network, ICDDRB, CRP Savar, and Asiatic Society of Bangladesh. Only 0.52 percent individual assessees invested in a charitable hospital approved by National Board of Revenue (NBR), *Muktijuddho Jadughor*, *Ahsania* Mission Cancer Hospital, National level institutions set up for the commemoration of the liberation war, Science and Technology Fund under the Ministry of Science and Technology, etc.

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Table 1: Distribution of tax planning practices

Investment and donation are made in the assessment year	Frequency			Percent		
	Yes	No	Total	Yes	No	Total
Investment						
Payment of life insurance premium	71	123	194	36.60	63.40	100
Contribution to provident fund of government employees	104	90	194	53.61	46.39	100
Employers and employees' contribution to recognized provident fund	76	118	194	39.18	60.82	100
Contribution to benevolent fund	117	77	194	60.31	39.69	100
Contribution to group insurance scheme	88	106	194	45.36	54.64	100
Contribution to superannuation fund	26	168	194	13.40	86.60	100
Contribution to deposit pension scheme	79	115	194	40.72	59.28	100
Investment in savings certificate	61	133	194	31.44	68.56	100
Investment in stocks, shares, mutual fund or debenture of listed company at stock exchange in Bangladesh	26	168	194	13.40	86.60	100
Investment in government treasury bond	1	193	194	0.52	99.48	100
Investment in desktop computer	39	155	194	20.10	79.90	100
Investment in laptop computer	38	156	194	19.59	80.41	100
Donation/ Contribution to-						
National level institutions to commemorate the Father of the Nation	5	189	194	2.58	97.42	100
Zakat Fund (giving to poor Muslims)	11	183	194	5.67	94.33	100
Charitable Hospital approver by NBR	1	193	194	0.52	99.48	100
Institutions set up for welfare of disabled people	6	188	194	3.09	96.91	100
Muktijuddho Jadughor	1	193	194	0.52	99.48	100
Prime Minister's Relief Fund	6	188	194	3.09	96.91	100
President's Relief Fund	3	191	194	1.55	98.45	100
Aga Khan Development Network	0	194	194	0	100	100
ICDDRB	0	194	194	0	100	100
CRP, Savar, Dhaka (Hospital for paralyzed & disabled people)	0	194	194	0	100	100
Philanthropic or Educational Institutions	2	192	194	1.03	98.97	100
Asiatic Society of Bangladesh	0	194	194	0	100	100
Ahsania Mission Cancer Hospital	1	193	194	0.52	99.48	100
National level institutions set up to commemorate the liberation war	1	193	194	0.52	99.48	100
Science and Technology Fund of the Ministry of Science and Technology	1	193	194	0.52	99.48	100
Others	1	193	194	0.52	99.48	100

Source: Analysis of primary data

b) Tax Planning Index

Tax planning index is analyzed from different viewpoints, and a brief explanation is presented below.

i. *Summary of ITPI*

It is evident from Table-2 that the mean ITPI was 14.08, which was very low in Bangladesh as compared to India because 81 percent of Indian respondents had planned their tax (Mansuri & Dalvadi, 2012). There are high variations of ITPI among the individual assessees as the standard deviation (7.34), and range (50) are high. It should be mentioned here that the minimum practice index is zero (0) under the study. The variation implies that the mean alone is not able to represent the overall scenario due to the high standard deviation of ITPI among the respondents.

Table 2: Summary statistics of tax planning

Statistics	Result
Mean	14.08
Standard Deviation	7.34
Standard Error	.53
CV	.52
Maximum	50.00
Minimum	0
Range	50.00

Source: Analysis of primary data

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ii. *ITPI based on Profession*

It is evident from table-3 that the ITPI of other professions is the highest (20.54) followed by engineers (19.64), government job holders (15.95), and lawyers (17.86) in that order. ITPS of these four categories respondents is higher than the overall ITPI of 14.08. ITPI of all other professions is less than overall ITPI under the study.

Table 3: ITPI based on profession

Profession	Mean	Standard Deviation	SE (Mean)	CV	Maxima	Minima	Range	Number
Government Job	15.95	8.78	1.13	.55	50.00	0	50.00	60
Private Job	11.52	6.05	.83	.53	28.57	3.57	25.00	53
Doctor	13.69	7.29	2.98	.53	25.00	3.57	21.43	6
Engineer	19.64	10.31	5.15	.52	28.57	10.71	17.86	4
Teacher	13.89	6.16	.78	.44	28.57	0	28.57	63
Business	8.52	4.12	2.38	.43	14.29	7.14	7.14	3
Lawyer	17.86				17.86	17.86	0	1
Others	20.54	3.42	1.71	.17	25.00	17.86	7.14	4
Total	14.08	7.34	.53	.52	50.00	0	50.00	194

Source: Analysis of primary data

iii. *ITPI based on Study Discipline*

Table-4 indicates that ITPI of the respondents of law educational background (23.21) is the highest, followed by science educational background (15.73), business education background (14.77), medical education background(14.73), arts education background (13.54), social science education background (13.13), others (8.33) in that order. ITPI of law, science, business, and medical, educational are above the overall ITPI, while ITPI of the respondents of all other education backgrounds is lower than the overall ITPI of 14.08.

Table 4: ITPI based on study discipline

Study Discipline	Mean	Standard Deviation	SE (Mean)	CV	Maxima	Minima	Range	Number
Science	15.73	5.80	.89	.37	28.57	3.57	25.00	42
Engineering	12.38	8.52	2.20	.69	28.57	0	28.57	15
Medical	14.73	8.63	3.05	.59	28.57	3.57	25.00	8
Law	23.21	7.58	5.36	.33	28.57	17.86	10.71	2
Business	14.77	8.28	1.15	.56	50.00	3.57	46.43	52
Social Science	13.13	7.24	1.19	.55	35.71	0	35.71	37
Arts	13.54	6.57	1.22	.48	28.57	0	28.57	29
Others	8.33	3.99	1.33	.48	14.29	3.57	10.71	9
Total	14.08	7.34	.53	.52	50.00	0	50.00	194

Source: Analysis of primary data

iv. *ITPI based on Education Level*

Table-5 demonstrates that ITPI of the respondents of other education levels (Ph.D., MPhil, Second Masters, etc.) is the highest (16.90). ITPI is very low for the respondents who had Higher Secondary education. It should be mentioned here that the ITPI of the respondents of the graduation level education (11.16) and master's level education (13.98) are less than the overall ITPI of 14.08 under the study. In India, the satisfaction level on tax planning schemes did not differ among the educational level (Vasanthi, 2014).

Table 5: ITPI index based on the education level

Education Level	Mean	Standard Deviation	SE (Mean)	CV	Maxima	Minima	Range	Number
HSC	8.93	2.53	1.79	.28	10.71	7.14	3.57	2
Graduation	11.16	6.10	1.52	.55	21.43	0	21.43	16
Masters	13.98	7.52	.61	.54	50.00	0	50.00	150
Others	16.90	6.35	1.25	.38	28.57	3.57	25.00	26
Total	14.08	7.34	.53	.52	50.00	0	50.00	194

Source: Analysis of primary data

v. *ITPI based on Gender*

It is evident from table-6 that the ITPI of male respondents (14.38) is higher than the female respondents (12.48) under the study. But the variability of ITPI among male respondents is higher than female respondents in terms of SD, CV, and range but lower in

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terms of SE of mean. So, the male respondents had applied more tax planning than female respondents under the study. Similar results were observed in the India context, where male respondents used more tax planning measures than female (Vasanthi, 2014).

Table 6: ITPI based on gender

Gender	Mean	Standard Deviation	SE (Mean)	CV	Maxima	Minima	Range	Number
Female	12.84	6.27	1.03	.49	28.57	3.57	25.00	37
Male	14.38	7.55	.60	.53	50.00	0	50.00	157
Total	14.08	7.34	.53	.52	50.00	0	50.00	194

Source: Analysis of primary data

vi. *ITPI based on Age Group*

It is evident from table-7 that ITPI of the respondents under the age group of 55 to 60 years is the highest (17.35), the second position goes to the age group of 50 to 55 years (16.07), and the third position goes to the age group of 40 to 45 years (15.70). It should be mentioned here that ITPIs of the above mentioned three age groups respondents is higher than the overall ITPI of 14.08. ITPI of 25 to 35 years and 45 to 50 years respondents are lower than the overall ITPI of 14.08 under the study.

Table 7: ITPI based on age group

Age group (in Year)	Mean	Standard Deviation	SE (Mean)	CV	Maxima	Minima	Range	Number
25-30	11.58	5.54	1.03	.48	21.43	0	21.43	29
30-35	13.34	7.74	1.11	.58	28.57	0	28.57	49
35-40	14.21	6.45	.95	.45	28.57	3.57	25.00	46
40-45	15.70	7.31	1.19	.47	35.71	3.57	32.14	38
45-50	14.04	11.09	2.86	.79	50.00	3.57	46.43	15
50-55	16.07	6.79	2.15	.42	25.00	3.57	21.43	10
55-60	17.35	6.33	2.39	.36	28.57	10.71	17.86	7
Total	14.08	7.34	.53	.52	50.00	0	50.00	194

Source: Analysis of primary data

vii. *ITPI based on Tax Payment Period*

Table-8 demonstrates that the assessees who have been paying tax from 9 to 12 years (18.03) showed the highest ITPI followed by 13 to 16 years (15.91), and 5 to 8 years (14.85) in that order. It should be mentioned here that ITPI of the above mentioned three groups of respondents is higher than the overall ITPI of 14.08. ITPI of the respondents of 1 to 4 years and 17 to 20 years under the study are lower than the overall ITPI of 14.08.

Table 8: ITPI based on the tax payment period

Period of tax payment (in Year)	Mean	Standard Deviation	SE (Mean)	CV	Maxima	Minima	Range	Number
1-4	12.77	6.47	.64	.51	28.57	0	28.57	101
5-8	14.85	8.08	1.07	.54	50.00	3.57	46.43	57
9-12	18.03	8.02	1.75	.45	35.71	3.57	32.14	21
13-16	15.91	7.88	2.38	.50	25.00	3.57	21.43	11
17-20	10.71	2.92	1.46	.27	14.29	7.14	7.14	4
Total	14.08	7.34	.53	.52	50.00	0	50.00	194

Source: Analysis of primary data

viii. *ITPI based on Return Prepared by the Assessee*

Table-9 indicates that ITPI of the respondents is higher who prepare their tax return (14.31) than who do not their tax return (13.49) under the study. So there is a positive relationship between income tax return preparation and ITPI.

Table 9: ITPI based on a return prepared by the assessee

Self Return Filled Up	Mean	Standard Deviation	SE (Mean)	CV	Maxima	Minima	Range	Number
Yes	14.31	7.17	.61	.50	35.71	0	35.71	140
No	13.49	7.78	1.06	.58	50.00	3.57	46.43	54
Total	14.08	7.34	.53	.52	50	0	50.00	194

Source: Analysis of primary data

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ix. *ITPI based on Seeking Tax Knowledge*

It is evident from table-10 that ITPI is higher for the respondents who seek tax knowledge (14.54) than who do not tax knowledge (12.16) under the study. So the level of tax planning is dependent on the interest of acquiring tax knowledge.

Table 10: ITPI based on seeking tax knowledge

Seeking Knowledge	Mean	Standard Deviation	SE (Mean)	CV	Maxima	Minima	Range	Number
Yes	14.54	7.86	.63	.54	50.00	0	50.00	157
No	12.16	3.99	.66	.33	21.43	3.57	17.86	37
Total	14.08	7.34	.53	.52	50.00	0	50.00	194

Source: Analysis of primary data

x. *ITPI based on Getting Maximum Tax Rebate in AY 2017-2018*

Table-11 testimony that ITPI is higher (15.03) for the respondents who got a maximum tax rebate in the assessment year (AY) 2017-2018 than who did not maximum tax rebate (12.84) during the same period. So, the amount of tax rebate depends on the level of tax planning (ITPI) by the assessees.

Table 11: ITPI based on getting a maximum tax rebate

Getting Maximum Rebate	Mean	Standard Deviation	SE (Mean)	CV	Maxima	Minima	Range	Number
Yes	15.03	8.32	.79	.55	50.00	0	50.00	110
No	12.84	5.60	.61	.44	28.57	0	28.57	84
Total	14.08	7.34	.53	.52	50.00	0	50.00	194

Source: Analysis of primary data

VIII. Findings

After analysis and interpretation of results, some mentionable findings are summarized. ITPI was very low in Bangladesh as compared to India. ITPI of an engineer, government job holders, lawyers, and other professions were higher than overall ITPI. Income tax planning on donation items was very insignificant as compared to investment items for the tax rebate. There was a positive relationship between income tax planning and seeking tax knowledge as well as between income tax planning and preparers of own tax return. ITPIs of the respondents in the categories of business, science, and medical education background was higher than the overall ITPI whereas ITPIs of all other education disciplines were lower than overall ITPI. Male respondents were involved in more tax planning than female respondents to reduce tax burden through investing in the pronounced allowable investment areas. ITPI was higher for the respondents who got maximum tax rebate than who did not get a maximum tax rebate. Aged respondents were involved in more tax planning than low aged respondents. ITPI was higher of the respondents who had been paying tax for a long period under the study.

IX. Conclusion

Individual tax planning is the process of reducing the tax burden by investing in the pronounced allowable sector within the legal frame. The objective of public finance is to meet the funding requirements of the government. A mentionable part of public finance comes from taxes. An individual assessee tries to reduce her/his tax burden in different ways. Some of the ways are within the legal frame, and some of those are not supported by tax laws, rules, etc. By using primary sources of data, collected through administering the semi-structured questionnaire, the study has strived to find out the level of individual tax planning practices following tax laws.

The study results indicate that the ITPIs of different categories of individual assessee is very low and fluctuating in Bangladesh as compared to India. Increased number of tax planning may help augment capital formation, enhance tax payment propensity, and rapid development of the country because individual assessees get the chance of tax reduction through tax planning. The study has discovered a new avenue of research on tax planning of individual assesse in the context of developing countries like Bangladesh. Future researches may research to measure the impact of tax planning on individual assessees, the contribution of tax planning in capital formation, corporate tax planning practices, the impact of corporate tax planning on firm performance and value.

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Appendix-1

List of income tax planning information items are-

No.	Information Items
1.	Payment of life insurance premium
2.	Contribution to provident fund of government employees
3.	Employers' and employees' contribution to recognized provident fund
4.	Contribution to benevolent fund
5.	Contribution to group insurance scheme
6.	Contribution to superannuation fund
7.	Contribution to deposit pension scheme
8.	Investment in savings certificate
9.	Investment in stocks, shares, mutual fund or debenture of listed company at stock exchange in Bangladesh
10.	Investment in government treasury bond
11.	Investment in desktop computer
12.	Investment in laptop computer
13.	Donation to national level institution set up in memory of Father of the Nation
14.	Donation to Zakat Fund
15.	Donation to Charitable Hospital approver by NBR
16.	Donation to the institution set up to welfare of disable people
17.	Donation to *Muktijuddho Jadughor*
18.	Contribution to Prime Minister's Relief Fund
19.	Contribution to President's Relief Fund
20.	Contribution to Aga Khan Development Network
21.	Contribution to ICDDRB
22.	Contribution to CRP, Savar
23.	Contribution to Philanthropic or Educational Institution
24.	Contribution to Asiatic Society of Bangladesh
25.	Contribution to *Ahsania* Mission Cancer Hospital
26.	Donation to National level institution set up in memory of the liberation war
27.	Donation to science and technology fund, Ministry of science and technology
28.	Others

Source: Review of related literature and income tax laws

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