

A STUDY ON TAX PLANNING FOR SALARIED EMPLOYEES AND STRATEGIES FOR TAX SAVING SCHEME

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ABSTRACT

A tax plan is about that particular person's income for that year. Tax planning is not tax avoidance but saving tax without violating any legal rules. Tax planning is very important in the life of every salaried employee. As far as India is concerned, salaried employees have to pay more tax next to businessmen. The government provides many allowances, deductions and investment schemes for salaried employees who pay tax. The salaried employees should design their own investment and saving schemes according to their needs for tax saving .Tax planning is important when it comes to tax saving. Financial planning is an essential part of tax planning. Tax planning helps to reduce the tax liability of every salaried employee so all salaried employees should be aware advantages of exemptions and deductions. Primary and secondary data collection method was used for this study and random sampling method was applied to collect data.

Key words: Tax planning, Tax savings, Investment schemes, Strategies, Salary, Employee, Person, Assessee.

INTRODUCTION

Each salaried employee should plan their tax according to their income. How salaried employees do their tax planning can understand their investment tendencies. Every salaried employee should be aware of the allowances and exemptions provided by the government according to their income. Through this research it is possible to understand how much salaried employees are aware about the allowances, exemption limit and investment schemes provided by the government. Correct tax planning helps to fulfill many financial needs of employees. Tax planning is about choosing which investment scheme to invest into save tax for the employee. Advance tax planning can help increase the saving tendency of every employee. As the saving tendency of the employees increases, it becomes easier to meet their needs. The tax planning of salaried employees should be done according to the rules and regulations mentioned in the income tax act 1961. Income tax rules and regulations change every year and therefore the tax plan should be changed every year. The income tax act introduces amendments to direct tax laws. The rates of income tax for a current assessment year, rates for deduction of tax at source and advance payment tax for the said accounting year are fixed by this income tax act.

REVIEW OF LITERATURE

Geethu Gopi and Priyanka (2018) were of the opinion that investment is an activity confined to specific financial aims of investors. The study attempts to understand the investment preference of salaried group of people working in the private sector in shipping industries. The

findings suggest that most of the employee's savings are directed to their personal expenses like children's education and marriage.

Arora Monika (Research Scholar, 2019) research paper is related with sensitive and personal financial aspects of individual income tax assesses. The researcher to undertaken an empirical research on the topic to identify the factors that influence the individual assesses to invest in tax saving schemes and scope for further investment. Depending upon their risk appetite, an increase has been witnessed in number of investment avenues available for investors.

Neha Agarwal, (2020) state that tax planning is an essential part of our financial planning. The main purpose of the study is to find out regarding the awareness and alternatives of the tax planning

Bindabel and Hamza, (2021) state that the main objectives of the study was to find out the relationship between savings and investment pattern and orientation towards finance among the working women at the universities of Saudi Arabia. Orientation towards finance, (ORTOFIN) is ones attitude towards effectively managing

Dr.N.Sravathi and L.Anitha, (2021) have analysed the awareness of tax saving schemes among salaried employees. The study identified that majority of the respondents were aware of recognized provident fund because it is deducted directly from the salary.the study suggested that the individuals expecting an increase in the amount of deductions under u/s 80C.

Antu Thomas, (2021) did a study on awareness levels of salaried individuals about tax planning. He found that salaried individuals do not know are facing E-filing problems. They suggest that e-filing should be popularized. He also felt that different employee suggests that tax rate should be lowered.

R.Yuvaraj (2022) have analysed a study on financial planning for salaried employees and strategies for tax savings. The study reveals that most of the salaried employees are not aware about the benefits of tax saving investments like ULIPS, NPS and NSC, Life insurance, health insurance as well as PPF are the popular investment options. The study provide the suggestion is identify what you needs, wants and savings.

Jyoti Sing, Divyesh Solanki and Sonakshi Sharma (2023) have analysed a study on financial planning for salaried employee and strategies for tax saving. The study reveals that majority of the respondents prefer regular return plan as a choice for their future. The study concluded there is differentiation in income tax act 1961 among male and female both, residents of different geographic demographics are treated as equal.

PROBLEM STATEMENT

Tax planning is important for every assessee to reduce their tax liability and compliance with the income tax rules. To enjoy the benefits of tax planning, the assessee must know different provisions of tax saving schemes available in the laws. Savings taxes can be a complicated process if not planned well in advance. Planning your taxes at the last moment leaves little time for you to study different investment options. It may also become a burden to invest a lump sum amount to save tax.

OBJECTIVES OF THE STUDY

1. To study on tax planning for salaried employee and strategies for tax saving schemes.
- 2 To analyse the saving investment behaviour of the salaried employees.
3. To study on the level of awareness of the salaried employee on various investment schemes.

SCOPE OF THE STUDY

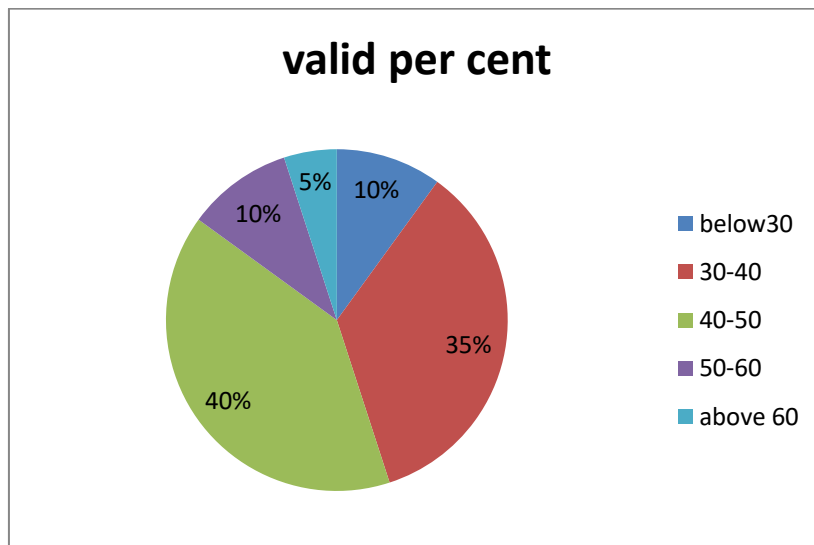
The scope of the current study is limited to the salaried assesses in the State of Tamil Nadu. The study evaluate and analyses the tax planning strategies and awareness thereof, saving habits, investment choices, outflow of liabilities adopted by the salaried assesses in Tamil Nadu for the period covered under study. The income in the study encompasses salary income, income/loss from house property and income from other sources viz interest on bank deposits etc. For the purpose of the study

RESEARCH DESIGN

Salaried assesses employed in the State of Tamil Nadu constituted the population for the study. Sample selection was done on a purposive basis. The sample comprised of employees engaged in public and private sectors in the State of Tamil Nadu totalling 105 tax return files for assessment year 2022-2023. The sample includes a wide spectrum of public and private sector employees. Public sector employees included employees of Central Government, State Government and public sector undertakings. The private sector employees included those working in the pharmaceutical sector, information technology, Multinational Corporation in Telecommunication and aeronautical structures media and publicity and other manufacturing limits.

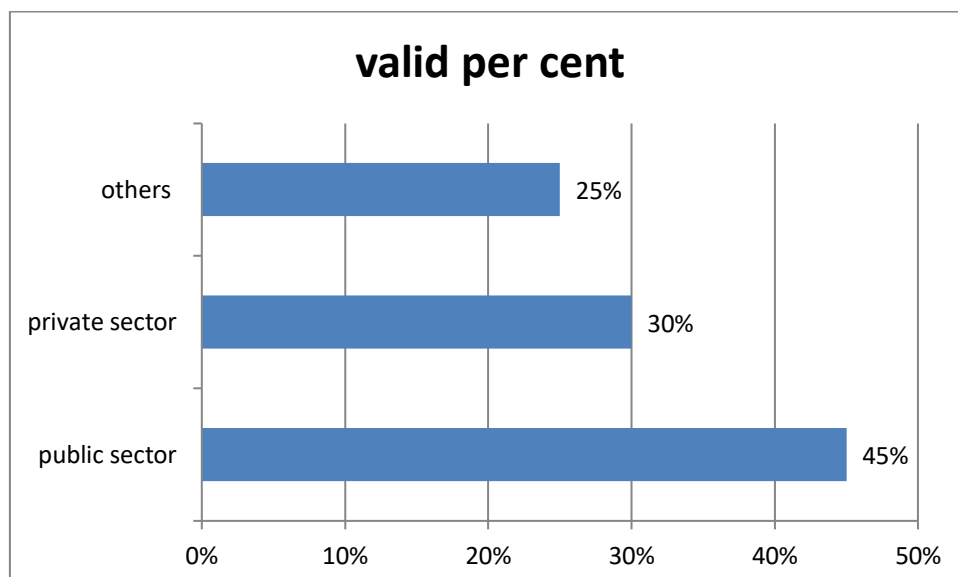
DATA ANALYSIS AND INTERPRETATION

1. Age of the respondents



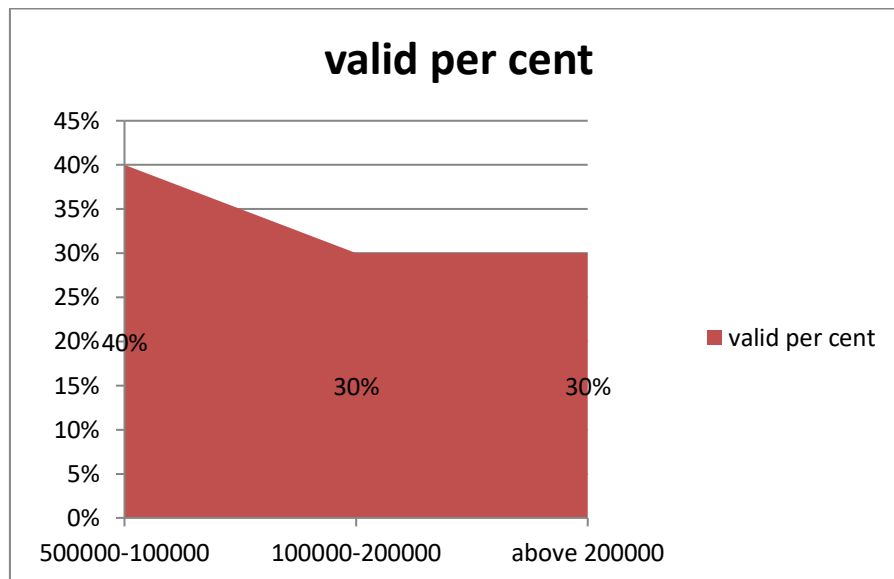
It is observed from the above figure that 40 per cent of the salaried employees are in the age group of 30-40 years, 35 per cent of the salaried employees are in the age group of 40-50 years. It is inferred that majority of the salaried employees belong to the age group of 30-40 years.

2. Employment details



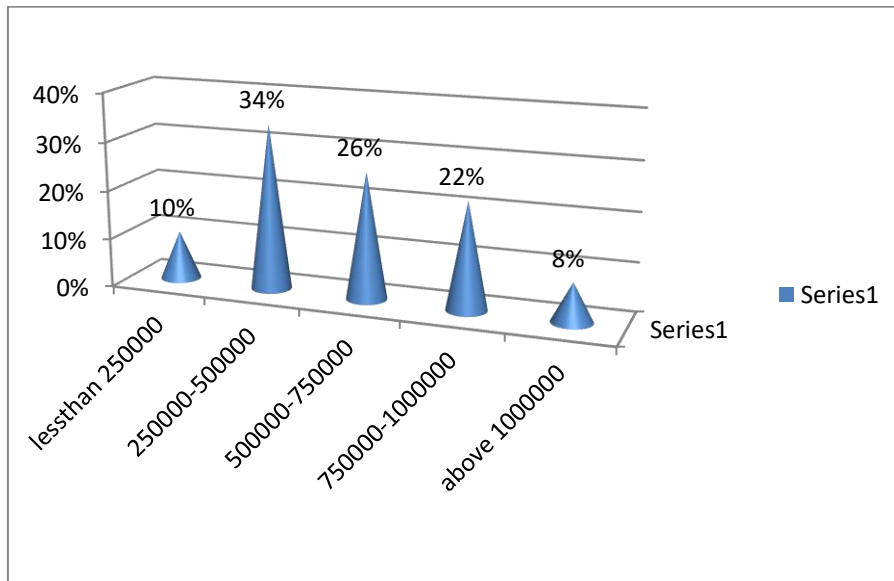
The above figure reveals that out of 105 sample respondents, 45 per cent respondents working in public sectors and 30 per cent respondents working in private sectors. It is inferred that majority of the respondents working in public sectors.

3. Monthly salary



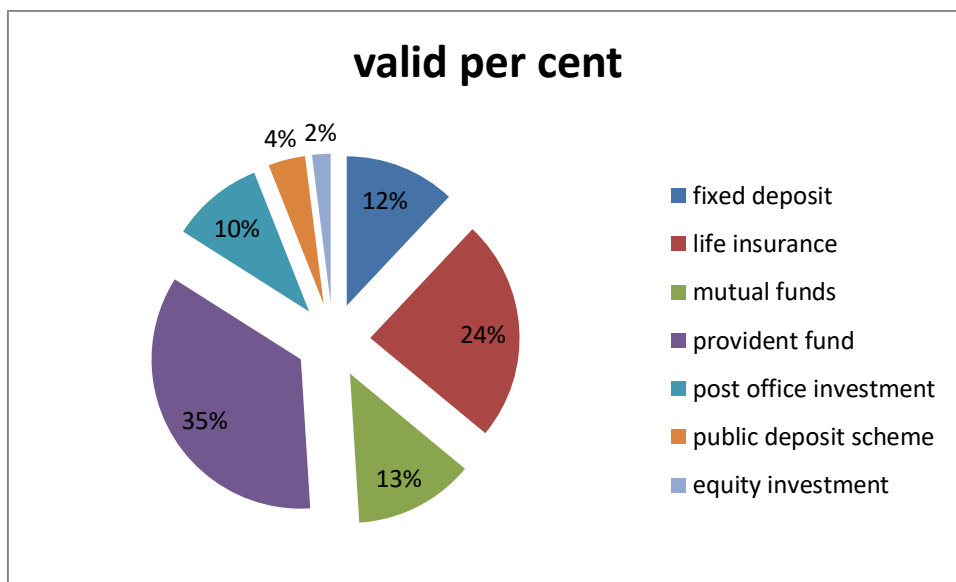
As per figure given above 40 per cent salaried employees earn monthly salary is ₹50000 - ₹ 100000, 30 per cent salaried employees earn above ₹ 100000.

4. Income of respondent



As per figure given above 34 per cent respondents income slab is ₹ 250000 - ₹ 500000, 26 per cent respondent income slab is ₹500000 - ₹ 750000

5. Types of financial Assets owned



The above figure reveals that out of 105 sample respondents, 35 per cent respondents assets owned in life insurance and 24 per cent respondents assets owned in provident fund. It is inferred that majority of the respondents select the save tax in choose life insurance

RESULTS AND FINDINGS

1. The study reveals that the majority (40 per cent) of the respondents belong to the age group of 30-40 years.
2. The study indicates that the majority (45 per cent) of the respondents are work in public sector
3. The study observes that the majority (40 per cent) of the respondents are earn 50000-100000
4. The study finds that the majority (34 per cent) of the respondents are earn income 250000-500000
5. The study reveals that the majority (35 per cent) of the respondents are assets owned in life insurance

CONCLUSION

This chapter discussed how important it is to save tax in the tax planning. Tax planning is not tax avoidance but a method to educate employees on how to save tax. Tax awareness is the employee knowledge about different tax saving schemes. Government has provided many investment schemes to salaried employees to save tax. Through this lesson the employees will understand about which investment scheme is better to invest in which investment scheme can save tax.

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