

Dr. Shivaji Kulkarni
Principal

Volume: 6 Issue: 1

March 2021

ISSN: 2455-5398

National Journal of Research In Marketing, Finance & HRM



Regl.

Co-Ordinator

Internal Quality Assurance Cell
AAER'S Asian College of Science & Commerce



P. Singh

PRINCIPAL

AAER'S Asian College of
Science & Commerce
Dhayari, Pune-411 041

National Journal of Research in Marketing, Finance & HRM

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**A STUDY ON FINANCIAL & INCOME TAX PLANNING FOR
SALARIED EMPLOYEES WITH REFERENCE OF DR.AMBEDKAR
COLLEGE, YERWADA, PUNE.(F.Y.-2019-20)**

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Abstract:-The Indian economy is a mixed type of economy it is the world's sixth largest economy by nominal GDP and third largest by the purchasing power parity. The salaried employees class i officer and remaining all a type of salaried employees they can pay their tax the taxpayer who contribute to the public about 13% of total revenue collection by the way of income tax planning eats assume that very important and special for the salary class of tax taxpayers in view of the mounting pressures of inflation price hike and their stick obligation of tech compliance Therefore essential that class of taxpayers to know their tax obligations in right perspective and after earning by educating the incidence of tax the study on tax planning measures adapted by salaried class aim it study the awareness of tax planning majors among the salaried class.

Keywords: Indian Economy, Salaried Employee, Awareness, Tax payers, Tax planning.

Introduction:-

India is a fastest growing sector in the world the annual growth rate of India is 9% since 2001 from 2012 to 2013 India contributed 57% of GDP. India has become a major export of IT services business process outsourcing means BPO Services and software services sector contribute to the Indian economy and GDP of the country there are agriculture which include crops, milks, animals, fishing, forestry and other activities. The industry which includes several manufacturing sub-sector the services include retail, construction, software, communication, banking and other economic activities.

While in India the economic growth has been impressive, Rapid growth has been accompanied by a slow decline in poverty, persistently high inflation, jobless growth, widening regional disparities and continue social political instability to balance of payment crisis. Most government in the world are striving to attain long-term growth and economic development with taxation as one of the major tools. It is necessary to know which component of tax are be targeted in order to attain economic growth.



This study therefore disaggregated in the various components of director and indirect tax. The word tax has been defined by compulsory payment made by each eligible citizen towards the expenditure of the state.

Tax planning should not be done with the intent to defraud the revenue, through all transactions entered into by an assesses could be legally correct, yet on the whole the transaction be devised to defraud the revenue. Tax planning is resorted to maximize the cash inflow and minimize the cash outflow. Tax is a kind of cast the reduction of fast cost shall increase the profitability. Tax Planning should be done before the actual of income. Tax planning is a way by which you arrange your financial affairs in such manner that without breaking up any law you take full advantage of all exemptions. Deductions and rebate and reliefs allowed by law so that your tax liability will be reduced. Tax Planning will help you to reduction liabilities and you have to pay less tax. Tax planning is a process of planning how to avoid paying to too much of tax for example by investing in tax-exempt Bonds. Tax planning involves analysis of company's financial situation and plan to incorporate taxation in the most.

Statement of the problem:-

Tax planning is possible through appropriate saving and wise investment decision. Tax payers normally turn away of their tax liability only towards the end of financial year. This can save their other available income the real issue what related to having awareness on the numerous provisions that would help in reducing the tax liability investment come in the form of physical Assets and financial assets with wearing is the complete understanding of the opportunity available and managing once financial considering tax liability and post act scores are crucial as far as personal finance in his concern the current study is an effort to evaluate. Tax Planning measures edited by salaried Income Tax assessed excesses of the state in the light of tax administration measures being implemented by the government.

Importance of the Study:-

Significance of the study tax planning means different and Flat out avoiding tax by taking advantages of beneficial tax law provision increasing, an accelerating tax deductions and tax credits and generally making maximum use of applicable breaks available under our beloved internal revenue code.

Objective of the study:-

The first objective is to remove the tax reforms being introduced by the government in respect of income tax laws and a certain its impact on salaried class the second is to assess



the efficiency of Administrative machinery for collection of income tax and management of taxation matters as per the Income Tax Act to understand and evaluate Tax Planning measures adopted by the salaried class of the state to assess whether there is significant differences in Tax Planning measures adopted by different segments of the salaried class of the state based in level of income and type of organization to ascertain the level of awareness of salaried class on various Tax Planning measures available under the Income Tax Act the study on tax planning measures adopted by Celtic class AIMS at study the Awareness of tax planning measures among the cell class this study help to find out various Tax Planning measures adopted by them to reduce their tax burden is this study is relevant.

Scope of the study:-

Taxation is considered as Complex matter affecting financial planning of each individual Income Tax assesses the scope of the present study is limited to the tax planning measures adopted by the salaried Income Tax assesses of the state. The study also evaluate the extent of awareness of employees on the tax law and planning measures .The saving habits investment pattern repayment of liabilities Tax Planning measures adopted for the period under study and level of awareness of the employees on tax laws and tax planning measures were studied and evaluated.

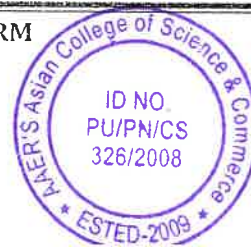
Data Analysis & Interpretation:-

The information includes the analysis of data collected from the salaried employees of Dr. Ambedkar College of Arts & Commerce, Yerwada, Pune with regard to the tax planning. The percentage is mainly used for the analysis purpose.

1. On the basis of the age of salaried employees

Age (Years)	Frequency	Percentage
Below 30	04	10
30 to 40	04	10
40 to 50	10	25
50 to 60	21	52.50
Above 60	01	2.50
Total	40	100

Interpretation- From the above table 10% of the salaried employees are below 30 years, 10% of the salaried employees are between 30 to 40 years, 25% of the salaried employees are between 40 to 50 years, 27.50% of the salaried employees are between 40 to 50 years , 27.50% of the salaried employees are between 40 to 50 years , 52.50% of the salaried



employees are between 50 to 60 years & 2.50% of the salaried employees are above 60 years.

2. On the basis of the Gender of salaried employees

Gender	Frequency	Percentage
Male	26	65
Female	14	35
Total	40	100

Interpretation- From the above table the figure shows that 65% salaried employees are male & 35% salaried employees are female.

3. Staff wise classification of salaried employees

Staff	Frequency	Percentage
Senior	14	35
Junior	08	20
Vocational	06	15
Non-teaching	12	30
Total	40	100

Interpretation- From the above table the figure shows that 35% are senior staff, 20% are junior staff, 15% are vocational staff & 30% are non-teaching staff.

4. Income level of salaried employees

Income Level	Frequency	Percentage
Less than 3 Lakhs	04	10
3 Lakhs to 5 Lakhs	08	20
6 Lakhs to 10 Lakhs	06	15
Above 10 Lakhs	22	55
Total	40	100

Interpretation - From the above table the figure shows that 10% earns less than 3 lakhs, 20% earns 3 Lakhs to 5 Lakhs, 15% earns 5 Lakhs to 10 Lakhs & 55% earns more than 10 lakhs,

5. Income tax exemption limit

Income Exceeds	Frequency	Percentage
Yes	30	75
No	10	25
Total	40	100

Interpretation - From the above table the figure shows that 75% of the salaried employees income exceeds income tax level & 25% of the salaried employees income does not exceeds income tax exemption limit.

6. Awareness about different tax concession /exemption / rebate availed of

Awareness	Frequency	Percentage
Yes	36	90
No	04	10
Total	40	100

Interpretation – This figure shows that 90% salaried employees are aware about the different tax concessions availed of & 10% salaried employees are not aware about the different tax concessions 7 exemption / rebate availed of .

7. Source of income tax information

Source	Frequency	Percentage
Newspaper	08	20
Business Journal	02	05
Internet	02	05
Friends & Relatives	10	25
Tax Consultants / C.A.	20	50
Total	40	100

Interpretation – This figure shows that 20% salaried employees gets information about income tax from newspapers, 5% from business journal, 5% from internet, 25% from friends & relatives & 50% rom tax consultants & Chartered Accountants.

8. Savings from salaried employees

Income	Frequency	Percentage
Below 10%	16	40
10-20%	12	30
20-30%	06	15
30-40%	02	05
Above 40%	04	10
Total	40	100

Interpretation – This figure shows that among the total salaried employees 40% saves 10% of income in schemes approved by CBDT , 30% up to 20-30%, 5% up to 30-40% of their income & 10% above the 40%.



9. Methods of savings

Savings	Frequency	Percentage
Banks	14	35
Insurance	20	50
Post Office	02	05
Capital Market	02	05
Other Assets	02	05
Total	40	100

Interpretation – This figure shows that about 35% under banks, 50% under insurance & 5% under post office, capital market & other assets respectively.

10. Tax planning measures of CBDT

Options	Frequency	Percentage
Provident Fund	20	50
Life Insurance Policy	14	35
Approved Mutual Fund	02	05
Fixed Deposit	04	10
Total	40	100

Interpretation – The above table figures shows 50% of the employees use provident fund forgetting tax exemption, 35% by using life insurance policy, 5% by approved mutual fund & 10% by using fixed deposits.

11. Services rendered by professional financial adviser

Options	Frequency	Percentage
Always	02	05
Often Occasionally	02	05
Rarely	22	55
Never	14	35
Total	40	100

Interpretation – From the above table the figure shows that only 5% salaried employees always seek the services rendered by financial adviser, 5% seek services often occasionally, 55% seek services rarely & 35% never seek the services rendered by financial advisers.

12. Time of formulating plans

Time	Frequency	Percentage
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Beginning of the Year	12	30
End of the Year	18	45
At Any Time	04	10
No Planning at all	06	15
Total	40	100

Interpretation –This figure shows that 30% salaried employees formulate their tax plan at the beginning of the year, 45% at the end of the year, 10% at any time & 15% of total employees have no planning at all.

13. Income Tax Awareness from Tax Consultants

Awareness	Frequency	Percentage
Always	02	05
Often Occasionally	04	10
Rarely	10	25
Never	24	60
Total	40	100

Interpretation - From the above table the figure shows that only 5% of the salaried employees always seek awareness of the tax consultant, 10% often occasionally seek awareness, 25% rarely seek awareness & 60% of the salaried employees never seeks awareness of the tax consultant for filing returns.

Findings:-

1. From the study it is found that those 65% salaried employees are male & 35% salaried employees are female.
2. When the salaried employees are classified on the basis of staff 35% are senior staff, 20% are junior staff, 15% are vocational staff & 30% are non-teaching staff.
3. From the data it was clear that majority of salaried employees have income level more than Rs.10 lakhs.
4. From the study it is found that 75% of the salaried employee's income exceeds income tax exemption limit.
5. Around 60% of the salaried employees pay income tax from their annual income.
6. As per the study result the sources of getting information about income tax are from newspapers, friends & relatives & tax consultants.



7. As per the study result 40% of the salaried employees save only less than 10% of their income by investing in schemes approved by CBDT.
8. From the study it is found that the majority salaried employees use provident fund & life insurance policy forgetting tax exemption.
9. Around 60% of the total salaried employees reveal that services of the tax consultant are not necessary for filing the returns.
10. From the study it is found that most of the employees formulate their income tax plan at the end of the year.

Suggestions:-

Tax Planning essentially depends on the provisions in the finance act and the budget educating the masses of the provisions of the same and creating awareness on the availing the benefits is recommended. First one is tax planning of the part-time employees, officers, retired employees professional assessors and businesses assesses. Second one comparative study between Tax Planning of salaried assesses and other assesses. Third one tax planning of individual assesses in respect of tax on large benefit Bank cash transaction and security transaction Fourth one opinion of tax consultants, Industrialist and trade unions in respect of tax planning options offered for various categories of assesses by the government of India.

Conclusion:-

Tax planning has great philosophy and is closely associated with what the salary assesses aims and his propensity to consume .The gap between the same goes and savings and if that savings can relieve one from the tax planning is effective. The whole process relates to viewing the Income Tax Act in terms of revenue for the Government and fair disposable income for the assesses. We want a rationalized, simplified ,operational tax system where an assesses is assessed but not feel exploited .Tax planning reduces not only the tax burden but also gives mental satisfaction .If salaried assesses adopt tax planning measures it will help them to save a considerable amount of their hard earned money in a legal way .when the government has given a wide chance of investing money according to the assesses financial condition and taste it is the prime duty of every salaried assesses to utilize his or her chances and the harvest. What is the required is knowledge of the few sections of Income Tax Act thus tax planning is not at all complicated and could be done with a certain degree of awareness and applications.



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