A STUDY ON FINANCIAL PLANNING FOR SALARIED EMPLOYEES AND STRATEGIES FOR TAX SAVINGS IN GUJARAT, INDIA

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ABSTRACT

The research deals with white white-collarcial planning and tax saving aspects. Tax strategies are an important part of tax planning. In India, personal income tax takes most of the earned income. Because the taxable person is any employee who received income exceeding the limit stipulated in the Income Tax Act before the program. The purpose of this article is to examine the financial planning and tax saving strategies of salaried employees in India. Data was collected through a Google structured questionnaire from 200 employees working in various industries in India. The analysis found that there is a correlation between annual savings and employment across India's population by age, income and sector. The analysis is done using percentage analysis, correlation, One-way, ANNOVA, T-test, chi-square. The overall results of the paper show that deduction under Sec 80C, 80CCC, 80CCD, 80D, 80E, 80G is the most common way of tax saving. The magazine states that an employee wants to know his tax obligations from the right perspective and the financial planning tools at his disposal to make the best use of his salary while reducing taxable income. Keywords: Financial planning, Tax saving, employee, tax saving strategies.

Key Word: Income tax, Salary, Financial planning, Employee

1.0 INTRODUCTION

Financial planning is the process a person goes through to find out where they are now, where they want to be in the future, and what they will do to get there.

Financial planning is the process of achieving life goals through proper financial management. It gives direction and meaning to a person's financial decision. It helps to understand how the financial decision each person makes affects other areas of their finances.

A person can also more easily adapt to life changes and feel more confident that the goals are on the right track. Today, financial planning in India only means investing money in tax saving vehicles. This has led to a situation where people invest money without understanding the logic or rationale behind the investments made properly. Still a driving force for investment.

Financial planning is not only about money, it is about life, fulfilling your wishes, dreams, desires and the joy of achieving them. It defines the goals, techniques, policies, financial operations of the club in the long term. This helps to maintain a good balance between costs and benefits. A plan helps manage cash flow and reduce unwanted expenses. Helps to collect corpus and increase savings. To maximize return on investment.

Keywords: Income tax, Salary, Financial Planning, Employee

1.1 Objective of the study

Primary objective

- To gain a better understanding of how salaried employees organize their finances.
- To increase working-class people's awareness of financial planning.
- To gain a better understanding of salaried employees' saving and investment habits.
- To grasp the significance of tax planning.

2.0 Review of Literature

Bitto Benny (2018) "A Study on Tax Awareness and Planning Measures Adopted in Palkkari, Bangalore" Indian economy is a developing mixed economy. It is the world's sixth largest economy by nominal GDP and the third largest by purchasing power parity. White-collar workers form a stable class of taxpayers who pay about 12 percent of income tax revenue into, state coffers. Tax planning has become particularly important for salaried taxpayers due to increasing inflationary pressures, rising prices and their and strict tax liability.

Blessed A. and Varghese (2019) "A Study on Tax Planning Measures Accepted by Salaried Employees in Special Chinanu Municipality, Alappuzha District" Indian economy is a developing mixed economy. It is the world's sixth largest economy.) by nominal GDP and the third largest by purchasing power parity.

Dr. Sebastian.T. Joseph (2017) "Comprehensive Survey of Working Women for Tax Awareness of Savings Schemes in Allahabad" Government has to play an important role in the overall development of society and country. Taxes are the most important source of finance through which the government collects revenue to cover public expenditure.

Myron S. Scholes, G. Peter Wilson, Mark A. Woolfson (1990) "Tax Planning, Regulatory Capital Planning and Financing the Reporting Strategy of Commercial Banks" We test whether the investment and financing policies of banks can be explained by their budget positions. We document the ownership changes of , banks of municipal bond loans due to the tax regulations regarding the deduction of interest expenses. We also document the relationship between banks' marginal tax rates and investment and financing decisions consistent with the existence of tax clients.

Kumaraswamy and DivakarVelya M, (2020) "Tax Planning - Home Loan Analysis" Home loans necessarily enable home ownership. The gradual increase in real estate will cost decades old mortgages. Because the main purpose of any government is to provide protection for all its citizens; on the other hand, it eases the tax burden on mortgage borrowers through a number of income tax provisions. This article focuses on these questions in all possible dimensions.

BharathrajShetty and M. Muthu Gopalakrishnan (2013) "Analysis of Investor Attitude towards Various Tax Saving Schemes " The aim of the study is to investigate the preferences of investors towards various tax saving schemes (under various sections of the Income Tax Act 1961). Tax saving schemes in which investors have invested to identify investment patterns tax saving schemes. Information needed to identify historical growth of investments in various tax saving programs.

Krishnamurthy (2015) "Investment Pattern and Awareness of Palraed Class Investors in Tamil Nadu Tiruvannamalai District" The results also highlight that certain factor like education level, age of investors, number of family members etc. plays an important role in investment decision. This study is based on primary data sources collected through a closed questionnaire distribution. Data were analyzed using the chi-square test. The survey shows that the majority of respondents accumulate money in bank deposits to secure the foreseeable future.

RiniHastuti (2014) "Tax Awareness and Tax Education: View of Potential Taxpayers" The Self-Assessment System requires taxpayers to fully understand the tax rules. University students are considered potential taxpayers because they will receive taxable income in the future. Previous research has shown that tax understanding increases tax evasion; therefore, tax education becomes key.

Saravanan, Muthu Lakshmi (2017) 'Indian tax saving system and income tax saving tools' Explore personal income tax planning and income tax saving tools. By doing this, they can plan, advance payments from their income. Tax saving tool. Tax planning is an integral part of our financial planning. The aim of the study is to identify the most suitable and popular tax saving program and tax saving method by which tax savings can be made and to study the amount saved by using the tool.

Jon Gruber, Emmanuel Suez (2002) "Taxable Income Elasticity: Evidence and Implications" A key parameter of tax policy that has received much recent attention but is subject to considerable uncertainty is the total elasticity of taxable income. The elasticity of real income without the tax credit is much lower. We also estimate small income effects on changes in the reported income tax rate, which means that the compensated and uncompensated elasticities of taxable income are very similar.

2.1 Hypothesis

Null Hypothesis(H0)- There is no significant difference between Income Earnings and Monthly salary savings.
Alternative Hypothesis(H1)- There is a significant difference between Income Earnings and Monthly salary savings.

2.2 Research Methodology

Sample design is actually based on principles of sample survey done. Samplings were decided on socio demographic factors such as income and age group. The number of respondents were restricted to 50 thanks to lack of time. Sampling unit was geographical unit where the research was carried in Vadodara, Gujarat, India. Source list for respondents was not predetermined but it was on random basis to choose the samplings.

2.3 Research Design

Type of research design: Descriptive research.
Research equipment: Questionnaire.
Sampling technique: non-probability technique convenience sampling method.
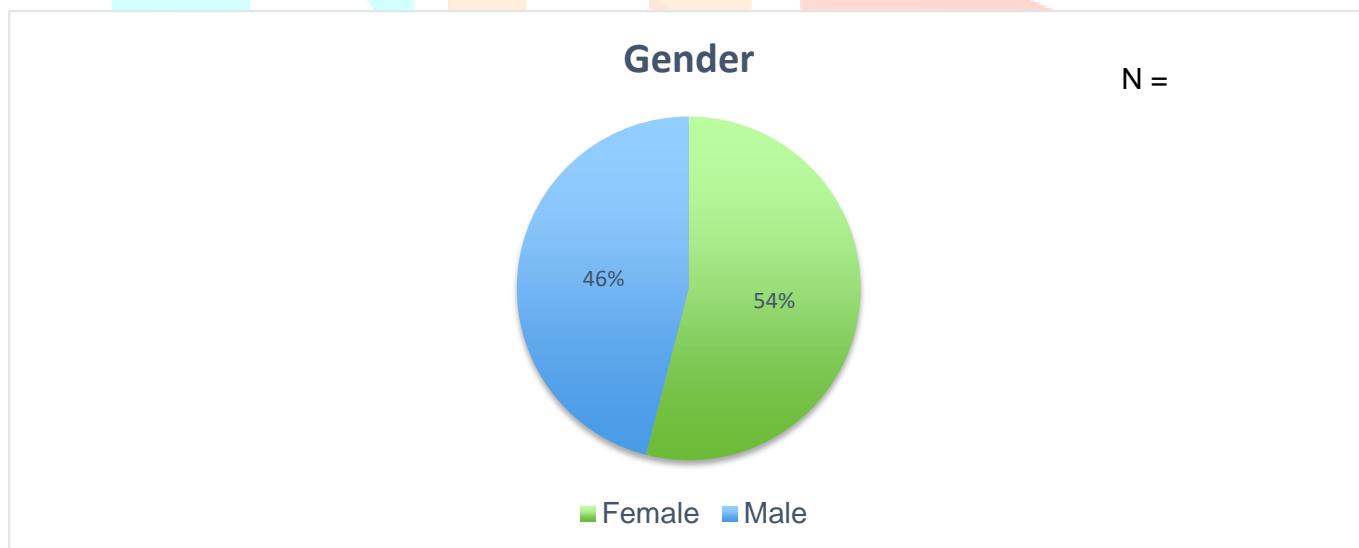Sample size: 200 samples
Sample design: Data has been presented with the help of bar graphs & pie-charts.

3.0 Data Analysis and Interpretation

1. Gender

Gender

|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	108	54.0	54.0	54.0
	Male	92	46.0	46.0	100.0
	Total	200	100.0	100.0	

(Primary Data)

Inference: Table indicates that 54.0% respondents are female and 46.0% respondents are male. There for majority is female 108 people are responded the questionnaire respectively.

2. Age

ge

|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	19 - 35	137	68.5	68.5	68.5
	36 - 45	31	15.5	15.5	84.0
	46 - 55	26	13.0	13.0	97.0
	Below 18	4	2.0	2.0	99.0
	Over 55	2	1.0	1.0	100.0
	Total	200	100.0	100.0	
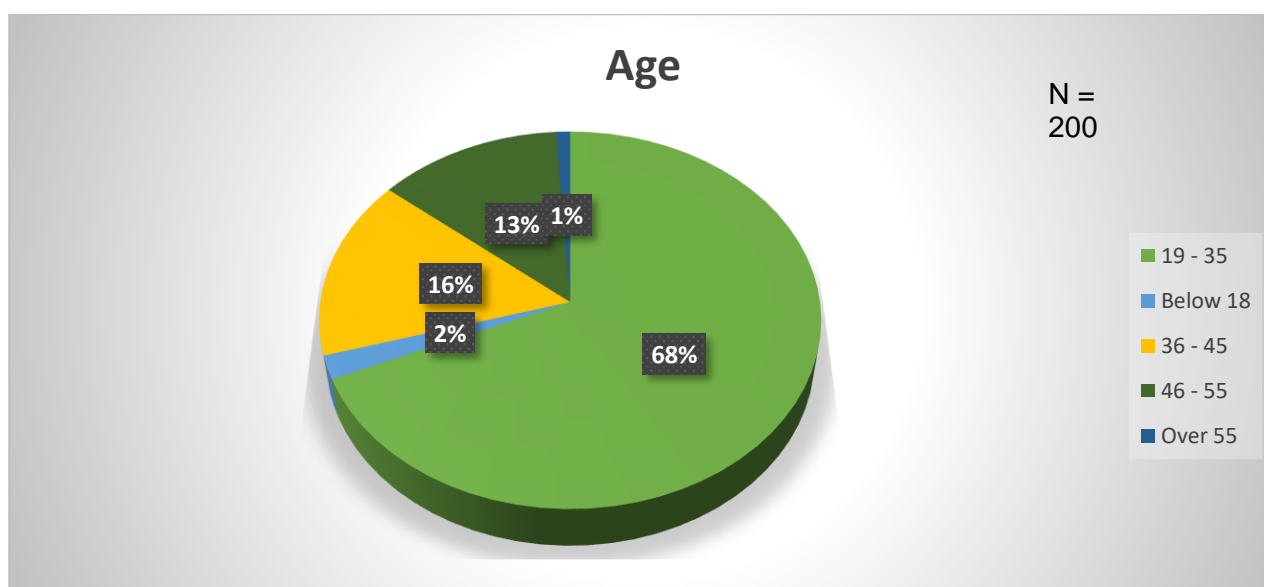
(Primary Data)

Inferences: Table indicates that 68.5% of respondent are majority of 19-53 age group,15.5% of respondent are 36-45 age group, 13.0% of respondent are 46-55 age group and 2.0% of respondent are below 18 age group and over 55 age group people are 1.0% of respondent. There for the majority of respondent are 19-35 age group people are responded the questionnaire and least is above 55 age group people.

3. Income

Income

|	Frequency	Percent	Valid Percent	Cumulative Percent
Above Rs. 20 lakhs	8	4.0	4.0	4.0
Below 5 lakhs	118	59.0	59.0	63.0
Between Rs. 10 lakh and Rs. 15 lakhs	3	1.5	1.5	64.5
Between Rs. 5 lakh and Rs. 7.5 lakh	45	22.5	22.5	87.0
Between Rs. 7.5 lakh and Rs. 10 lakhs	26	13.0	13.0	100.0
Total	200	100.0	100.0	

INCOME

N = 200
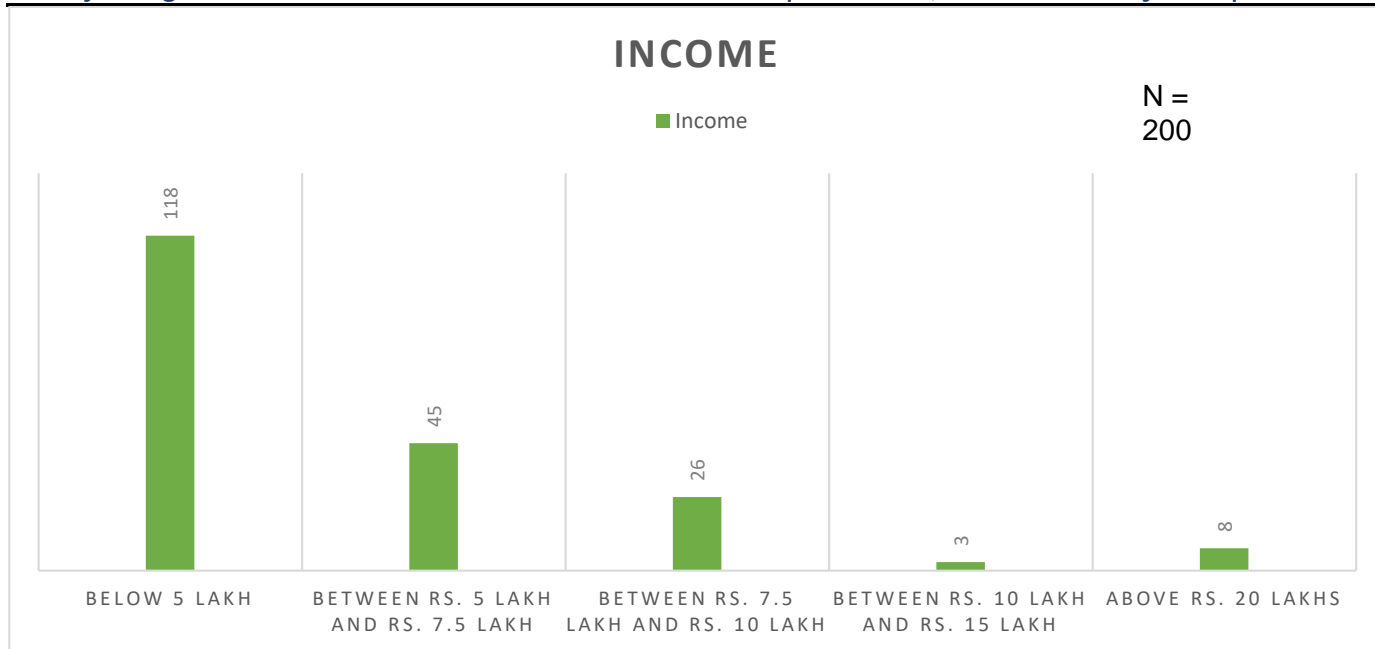
(Primary Data)

Inference: Table indicate that 4.0%, 59.0%, 1.5%, 22.5%, 13.0% of the respondent earn income Above Rs. 20 Lakhs, below 5 Lakhs, Between 10 to 15 Lakhs, Between 5 to 7.5 Lakhs, Between 7.5 to 10 lakhs. There for 118 of the respondent income is Below 5 Lakhs are majority of earning income and 3 respondents are low earning Between 7.5 Lakh to 10 Lakhs.

4. What percentage of your monthly salary do you save?

Table 4: Frequency Analysis for Monthly Saving of the respondent

|	Monthly Salary	Frequency	Percent	Valid Percent	Cumulative Percent
	Between 20% to 35%	71	35.5	35.5	35.5
	Between 35% to 50%	22	11.0	11.0	46.5
	Less than 20%	89	44.5	44.5	91.0
	Over 50%	18	9.0	9.0	100.0
	Total	200	100.0	100.0	
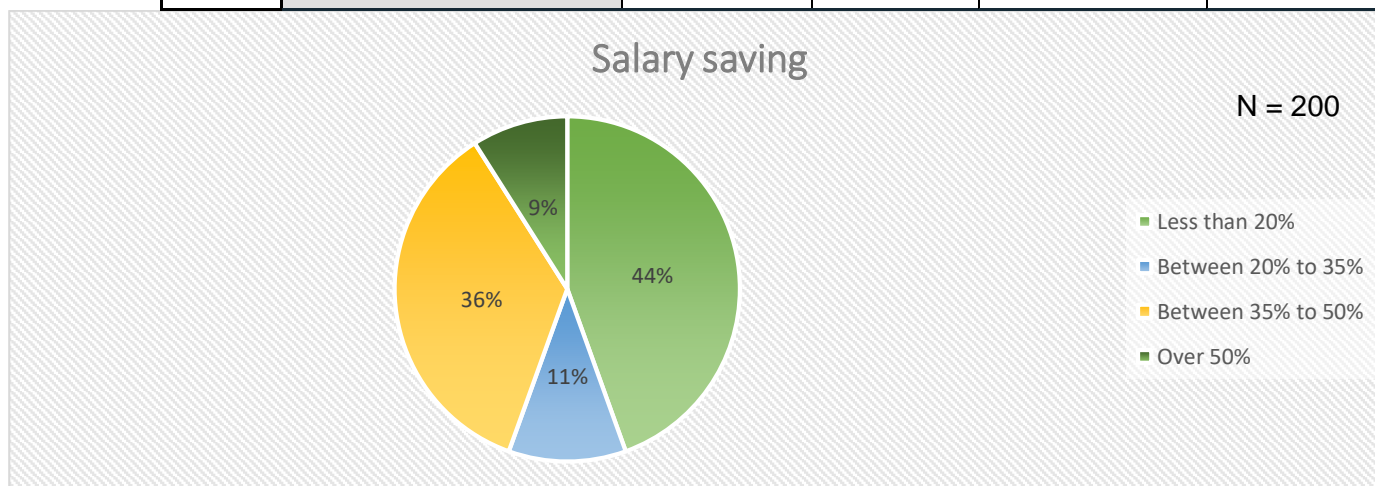
(Primary Data)

Inference: Table indicates monthly salary saving 35.5% of respondent are Between 20% to 35%,11.0% of respondents are Between 35% to 50%, 44.5% of respondent are less than 20%, and 9.0 % of respondent are over 50%. Therefore 89 respondents are majority saving less than 20%, 18 respondents are low saving over 50% respectively.

5. What percentage of your monthly salary is used to repay the loan?

Table 5: Frequency Analysis for Repay Loans of the respondents

	Monthly Salary for Repay Loans	Frequency	Percent	Valid Percent	Cumulative Percent
	Between 20% to 35%	56	28.0	28.0	28.0
	Between 35% to 50%	10	5.0	5.0	33.0
	Less than 20%	121	60.5	60.5	93.5
	Over 50%	13	6.5	6.5	100.0
	Total	200	100.0	100.0	
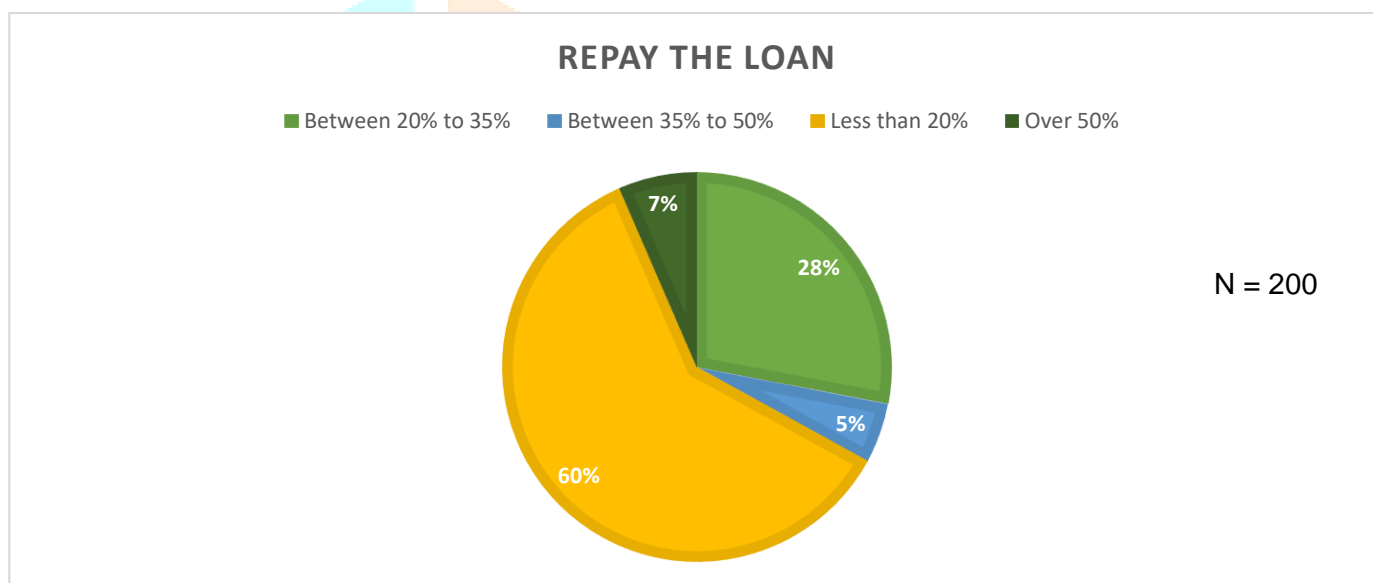
(Primary Data)

Inference: Table indicates Repay Loan (as per salary) 28% of respondents are between 20% to 35%, 50% of respondents are between 35% to 50%, 60.5% of respondents are less than 20%, 6.5% of respondents are over 50%. Therefore 121 respondents are majority of repay loans less than 20% and over 10 respondents are low respectively.
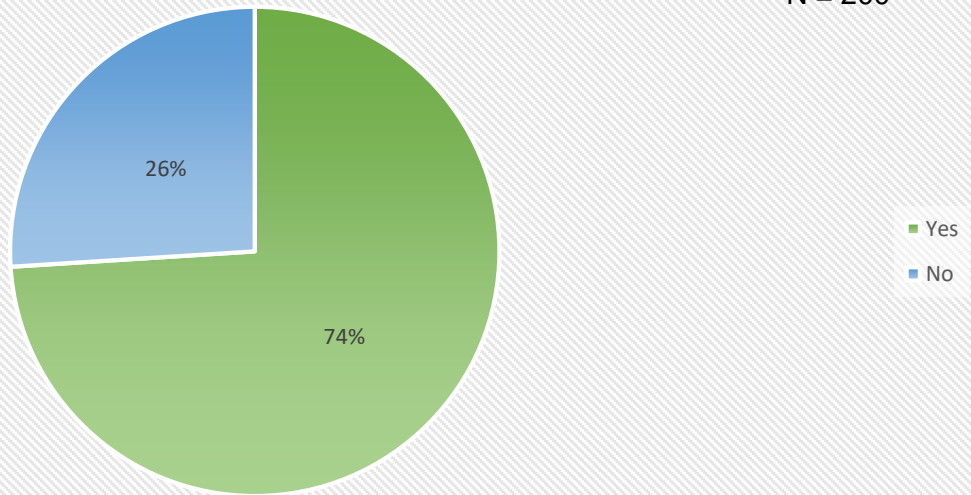
6. Are you doing tax planning at the beginning of every ever?

Are you doing tax planning at the beginning of every ever?

|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	52	26.0	26.0	26.0
	Yes	148	74.0	74.0	100.0
	Total	200	100.0	100.0	

Tax Planning

(Primary Data)

Inference: Table indicates tax planning at the beginning of every year, 26.0% respondent marked as yes, they are tax planners at the beginning year, 74.0% respondent marked as no they are not tax planners at the beginning of every year. Therefore, majority of 148 respondent are planning the tax beginning of every year.

17. Would you expect your taxable income in 2026 to be higher or lower than it is today?

Would you expect your taxable income in 2026 to be higher or lower than it is today?

|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Higher	156	78.0	78.0	78.0
	Lower	44	22.0	22.0	100.0
	Total	200	100.0	100.0	
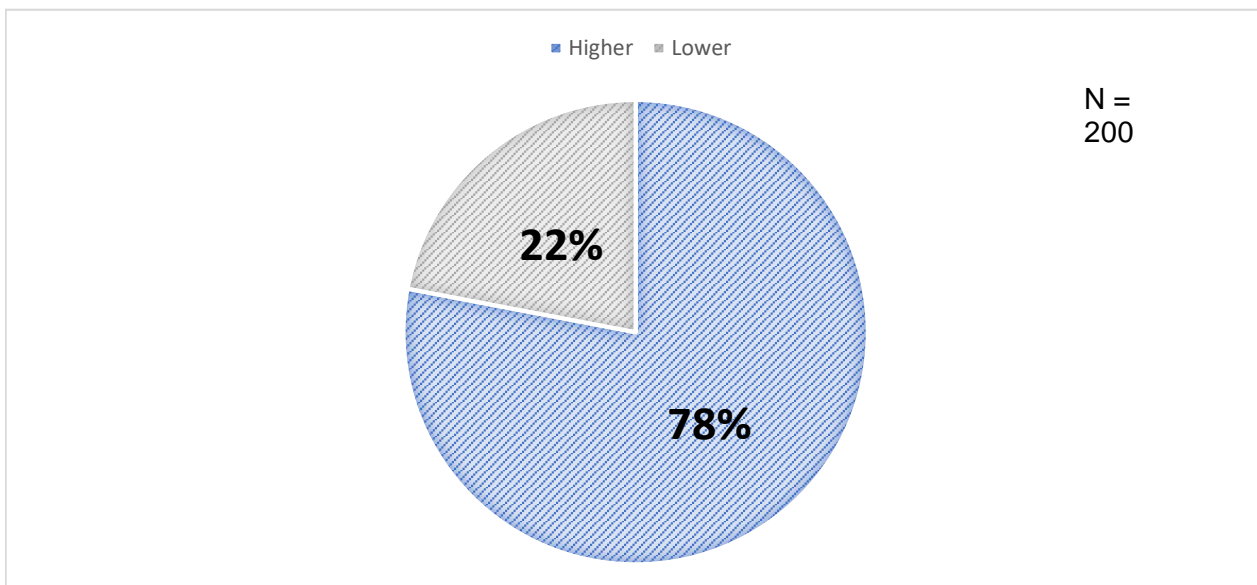
(Primary Data)

Inference: Table indicates expectations of taxable income in 2026. 78.0% of respondent are marked as higher. 22.0% of respondent are marked as Lower. Therefore, majority is 156 of respondent are expecting tax income will be higher in 2026 respectively.

18. Do you have an emergency fund (i.e., savings of at least six months after-tax income?

Do you have an emergency fund (i.e., savings of at least six months after-tax income?

|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I have an emergency fund, but it's less than six months after-tax income	60	30.0	30.0	30.0
	No, I do not have an emergency fund	74	37.0	37.0	67.0
	Yes, I have an adequate emergency fund.	66	33.0	33.0	100.0
	Total	200	100.0	100.0	
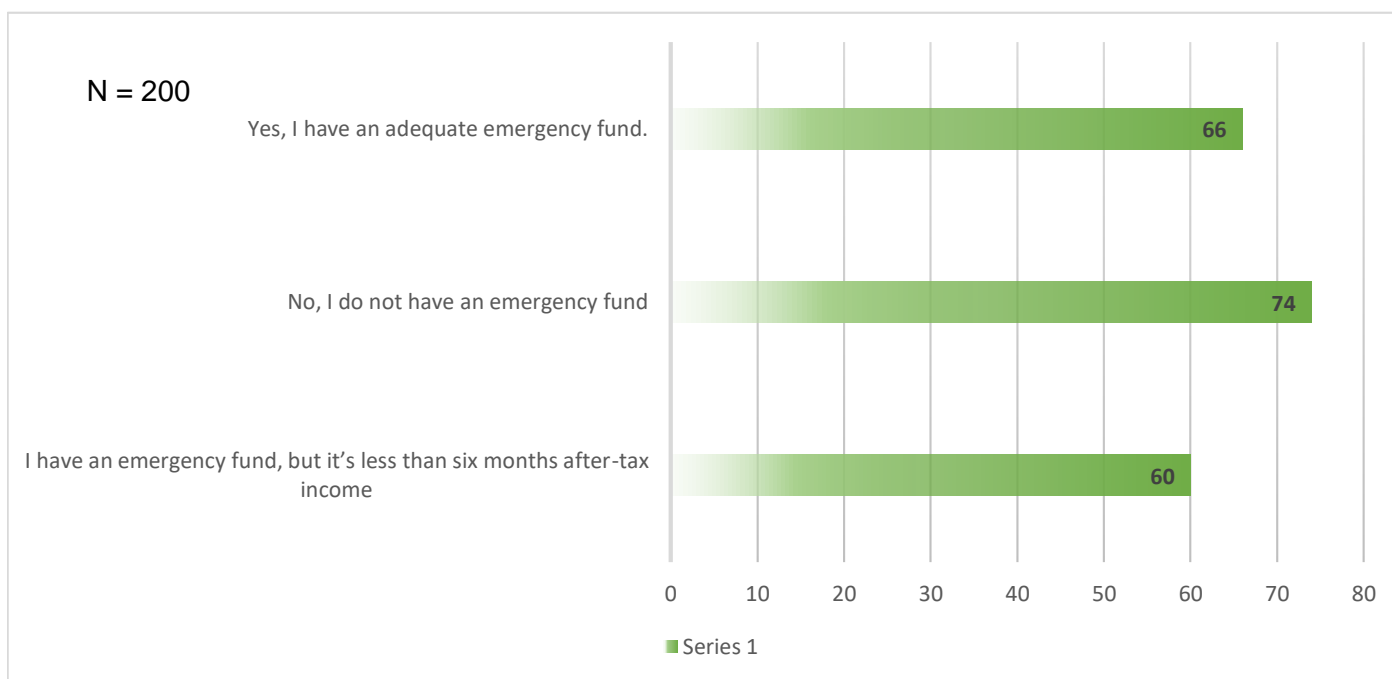
(Primary Data)

Inference: Table indicates emergency fund, 37.0% of respondent do not have an emergency fund, 33.0% of respondent have an emergency fund. Therefore 74 respondent majority do not have an emergency fund respectively.

19. Under which heads of income, your income becomes taxable?

Under which heads of income, your income becomes taxable?

|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Capital gain	15	7.5	7.5	7.5
	Income from house property	29	14.5	14.5	22.0
	Income from other sources	31	15.5	15.5	37.5
	Income from salary	100	50.0	50.0	87.5
	Profits and gains of business, profession	25	12.5	12.5	100.0
	Total	200	100.0	100.0	
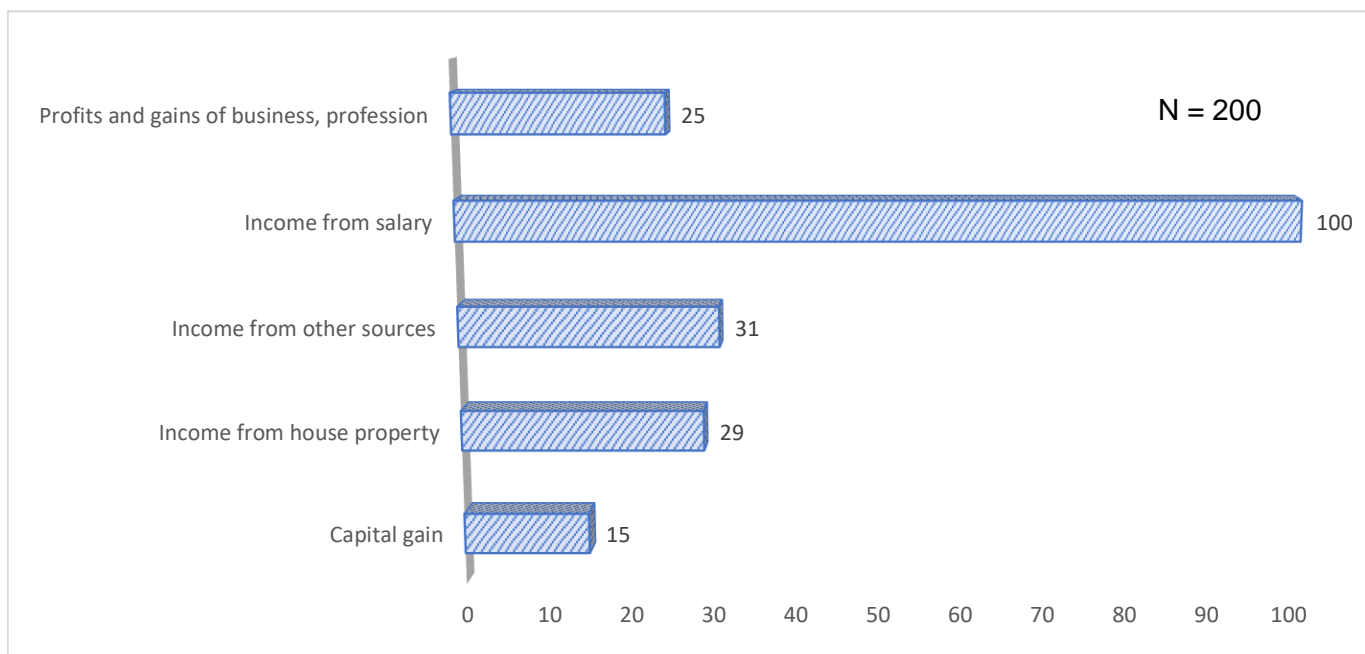
(Primary Data)

Inference: Table indicates in which heads of income become taxable. 7.5% of respondents are marked as Capital Gain, 14.5% of respondents are marked as Income of House Property, 15.5% of respondent are marked as Income from other salary, 50.0% of respondent are marked as Income from salary, and 12.5% of respondents are marked as Profits and Gains of Business, Profession.

20. Are you satisfied with your current tax planning strategies?

Are you satisfied with your current tax planning strategies?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly satisfied	56	28.0	28.0	28.0
	Moderately satisfied	32	16.0	16.0	44.0
	Not satisfied	40	20.0	20.0	64.0
	Slightly satisfied	72	36.0	36.0	100.0
	Total	200	100.0	100.0	

N = 200

SLIGHTLY SATISFIED — 72

NOT SATISFIED — 40

MODERATELY SATISFIED — 32

HIGHLY SATISFIED — 56
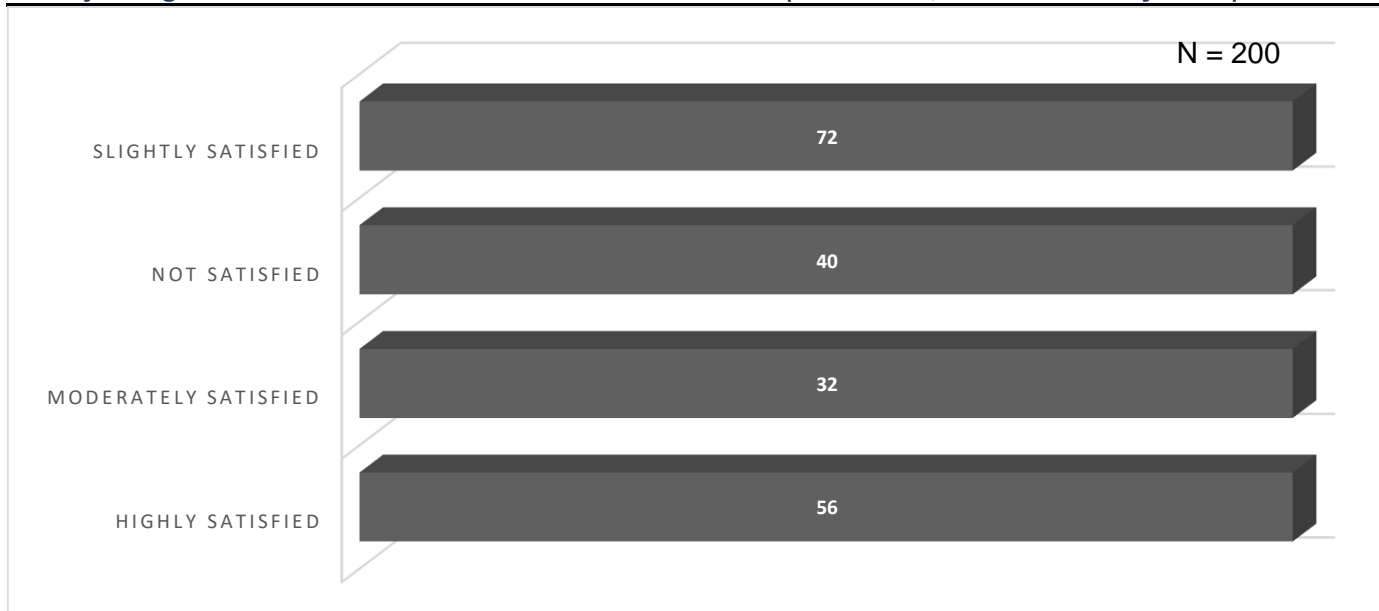
(Primary Data)

Inference: Table indicates satisfaction of current tax planning strategies, 36.0% of respondents are majority slightly satisfied by their strategies, 16.0% are least satisfied by their current strategies respectively.

21. Do you fully utilize Income Tax benefits, e.g., Deductions from salary/income, etc.?

Do you fully utilize Income Tax benefits, e.g., Deductions from salary/income, etc.?

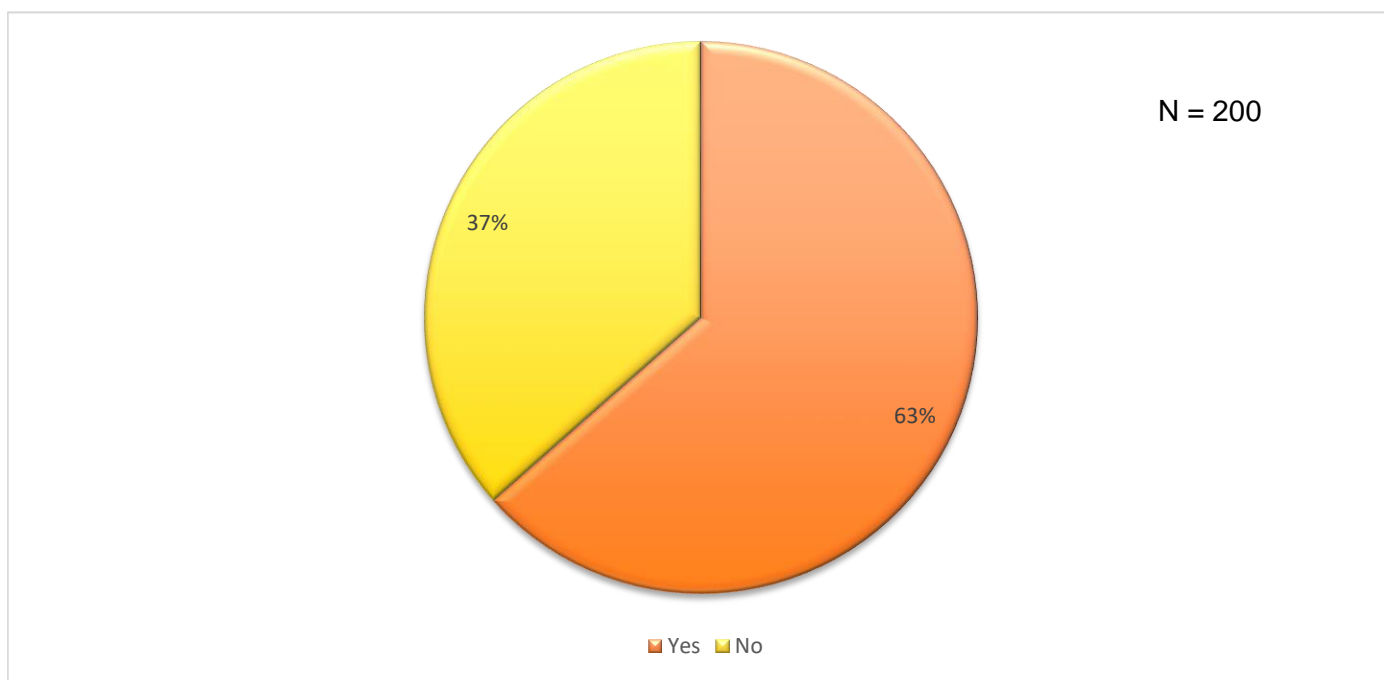|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	57	28.5	28.5	28.5
	Yes	143	71.5	71.5	100.0
	Total	200	100.0	100.0	

Yes ■ No

29%

71%

N = 200
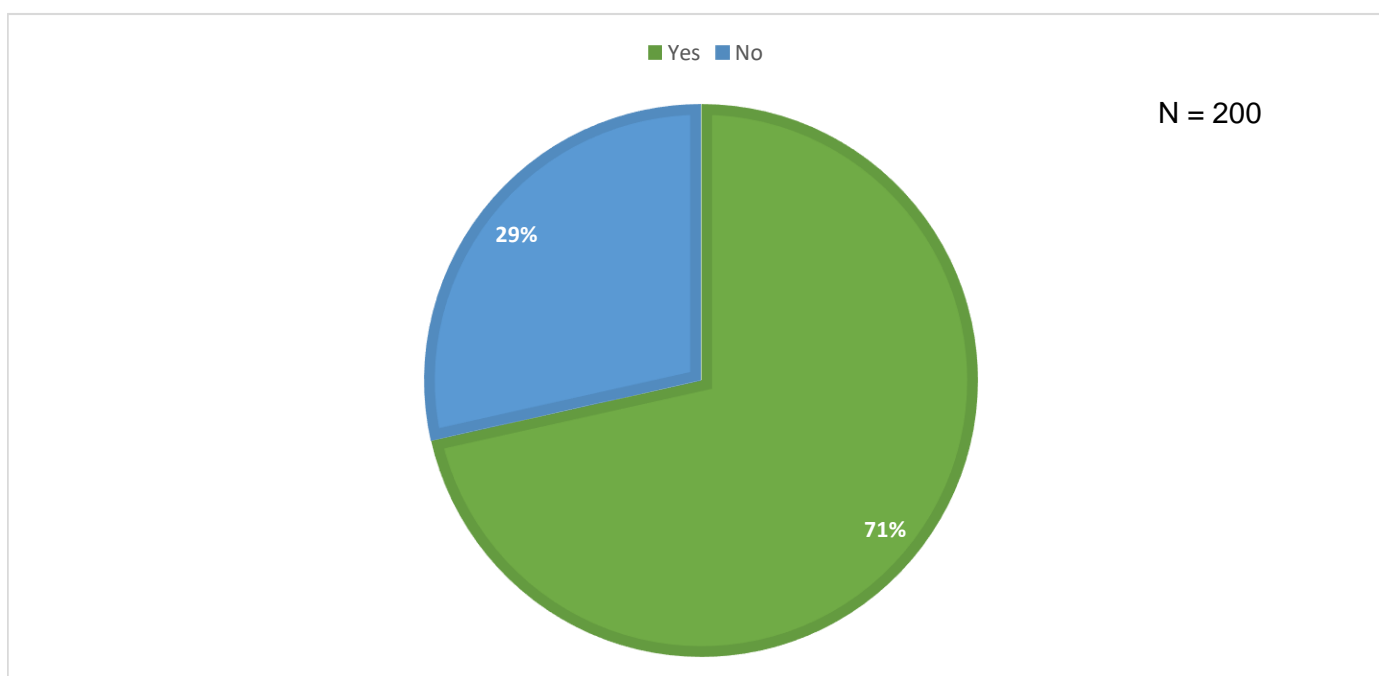
(Primary Data)

Inference: Table indicates utilize income tax 71.5% of respondents are utilizing income tax benefits. 28.5% of respondents are not utilizing income tax benefit respectively. Therefore 143 respondents are majority utilizing the income tax benefits.

22. Are you aware of the deductions exempted under chapter VIA (i.e., section 80c, 80ccc, 80ccd, 80e, 80g)?

Are you aware of the deductions exempted under chapter VIA (i.e., section 80c, 80ccc, 80ccd, 80d, 80e, 80g)?

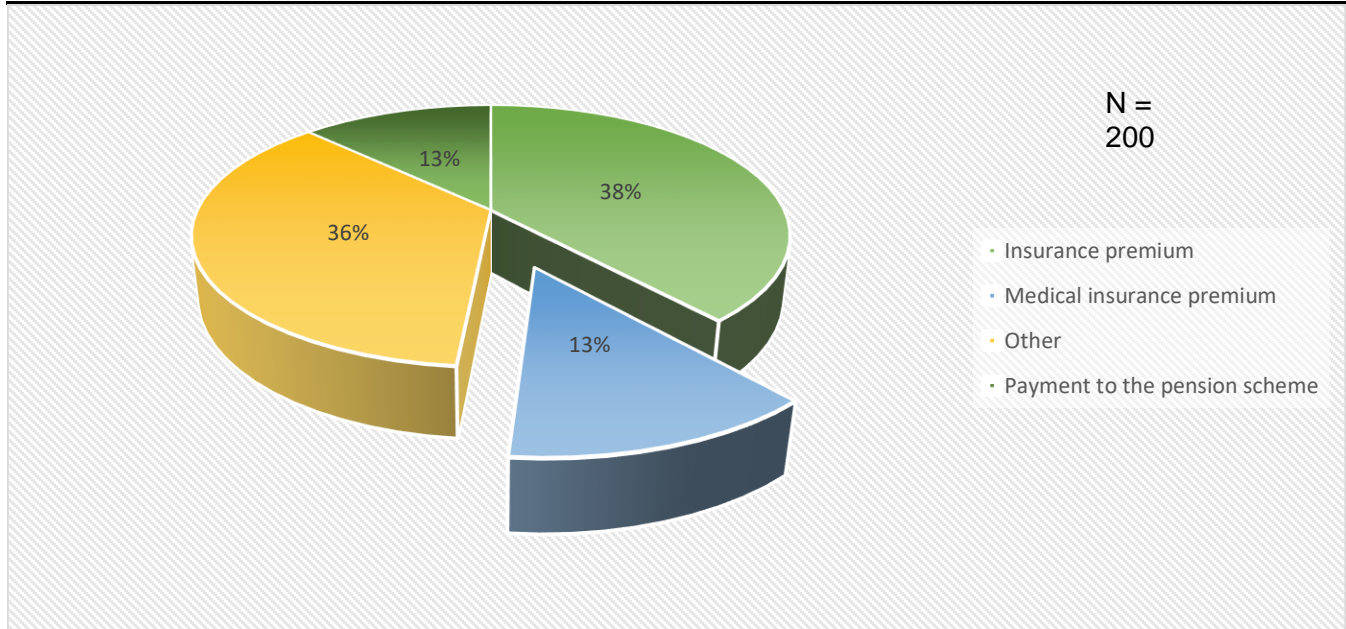|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	73	36.5	36.5	36.5
	Yes	127	63.5	63.5	100.0
	Total	200	100.0	100.0	

(Primary Data)

Inference: Table indicates the awareness of deduction exempted, 36.5% of respondents are not aware of deduction exempted respectively, 63.5% of respondents are awareness of deduction exempted. Therefore 127 of majority of respondents are aware of deduction exempted.

23. If yes then what is the exemption you apply for?

If yes then what is the exemption you apply for?

|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Insurance premium	77	38.5	38.5	38.5
	Medical insurance premium	26	13.0	13.0	51.5
	Other	72	36.0	36.0	87.5
	Payment to the pension scheme	25	12.5	12.5	100.0
	Total	200	100.0	100.0	

(Primary Data)

Inference: Table indicates the tax exemptions, 38.5% of respondents applying for Insurance Premium, 4.7% of respondents are least apply of Payment to the pension scheme.

24. The type of investment plan does the future employee prefer or not?

The type of investment plan does the future employee prefer or not?

|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Medical plan	41	20.5	20.5	20.5
	Multiple option plan	45	22.5	22.5	43.0
	Pension plan	37	18.5	18.5	61.5
	Regular return plan	50	25.0	25.0	86.5
	Specific purpose plan	27	13.5	13.5	100.0
	Total	200	100.0	100.0	
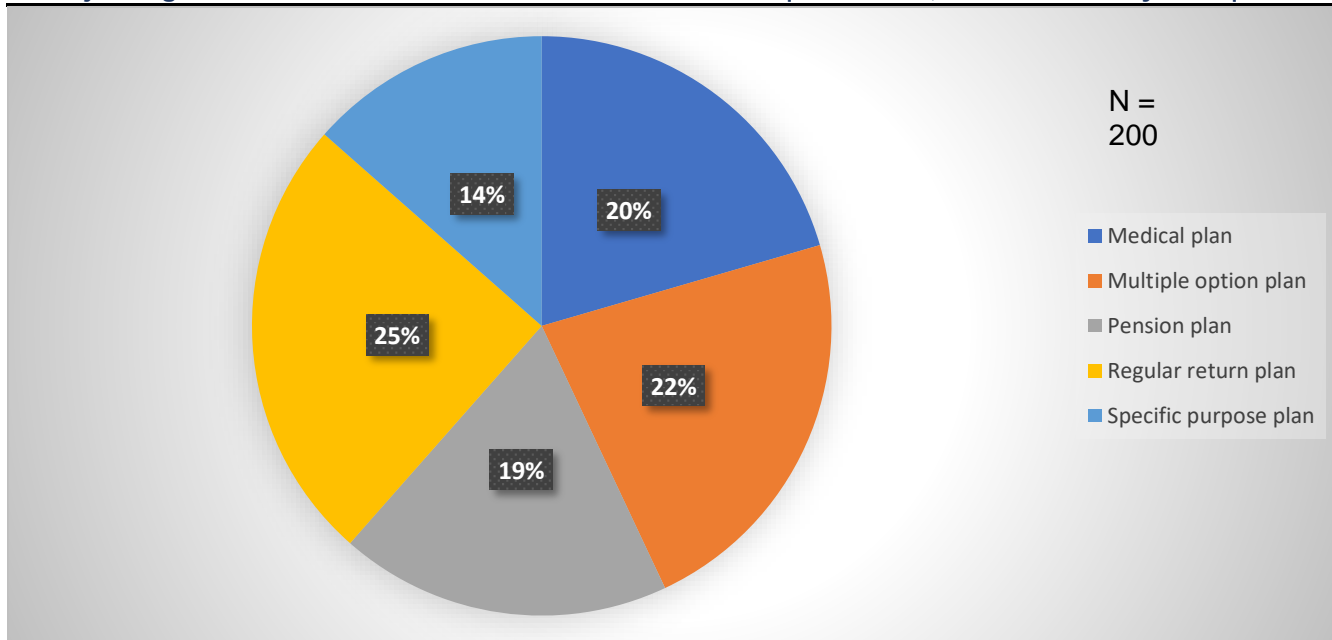
(Primary Data)

Inference: Table indicates the tax exemptions, 25.0% of respondent prefer investment in Regular Return Plan,13.5% of respondents are least preferring investment in Specific Purpose Plan.

25. Whose advice does the employee take while investing?

Whose advice does the employee take while investing?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Company Agents	25	12.5	12.5	12.5
	Financial Advisor	61	30.5	30.5	43.0
	Friends/colleagues	31	15.5	15.5	58.5
	Self/decision	40	20.0	20.0	78.5
	Spouse/family members	43	21.5	21.5	100.0
	Total	200	100.0	100.0	
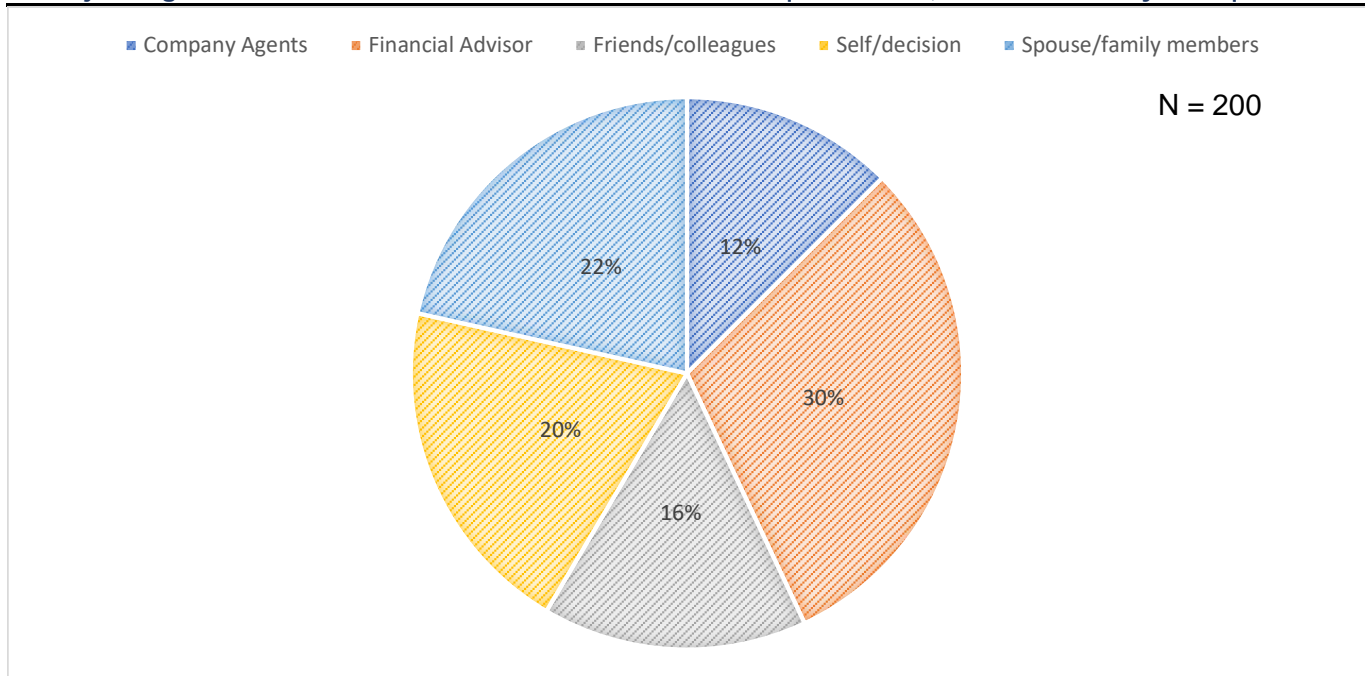
(Primary Data)

Inference: Table indicates whose advice employee prefer while investing 30.5% of majority of respondents took advice of financial advisor, 12.5% of respondents least took advice of company agents.

3.1 FINDINGS:

Majority (68.5%) of the respondents belong to the age group 19- 35 years.

Majority (54%) of the respondents are female.

Majority (59%) earn an income of Rs.5000000.

Majority (44.5%) of respondents save less than 20% of their monthly salary.

Majority (60.5%) of the respondents repay the loan less than 20%.

The majority (70%) of respondents do the plan taxation at the beginning of each year.

The majority (78%) of the respondents indicated higher tax revenue in 2026 accordingly.

The majority (37%) of the respondents do not have an emergency fund.

The majority (50%) of the respondents listed as salary income in the income capital will become taxable.

The majority (36%) of respondents are somewhat slightly satisfied with their current tax planning strategies.

The majority (71.5%) of respondents use income tax incentives.

Majority (63.5%) of respondents are aware of exceptional deduction.

The majority (38.5%) of respondents applying for insurance premiums.

The majority (25%) of the respondent's regular return plan.

The majority (30.5%) of the respondent financial advisor.

3.2 SUGGESTION

Financial planning of an official is not only a manageable process; it is actually a basic need of every person and his family.

It is a complete cycle from monthly budgeting to retirement planning. The process includes budgeting, insurance, goal-based investing, getting out of debt and transitioning to retirement. If you skip any of these steps, the cycle is incomplete.

Determine what you need, what you want and save.

Shares - Linked Savings Schemes, Long Term Capital Gain from Sale of Long-Term Asset, Agricultural Income, National Fund, Student Loans, Educators, Voluntary Donations, Housing Loans, Interest Income from Savings Account, HUF Savings Account, Investment Risk Insurance Plan, these are all tax saving strategies for employees.

Important note: Not all tax savers are created equal in the asset class, so it is important to choose the vehicle that best suits one's individual needs. The safety, liquidity and performance of the tax-saving instrument should be taken into account.

Financial decisions should not be made on the basis of the performance to be achieved. Your goal is not only to save taxes, but also to achieve various goals that you have set for yourself.

Therefore, the objectives should always be clear and the tax instruments linked to the desired objective.

4.0 CONCLUSION

The project deals with financial planning and tax saving strategies of white-collar workers in Chennai. financial planning and tax savings are based on information provided by employees. Financial planning not only eases the tax burden, but also provides spiritual satisfaction. Chapter 2 introduces the literature and discusses the proposed conceptual framework for the study. The purpose of this research is defined, the current situation of white-collar financial planning and tax saving was discussed, and financial planning and tax saving proposals were evaluated. The survey design and data collection methods are explained in Chapter 3. The survey states that an employee wants to know his tax obligations from the right perspective and about the financial planning resources available to him so that he can get the best. use your income reducing the amount of taxes. So financial planning is not difficult at all and can be done with a little knowledge and application.

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