"A Study On Financial Planning Strategies Of Salaried Employee For Tax Savings"

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1. ABSTRACT

Tax is any shape charge levied on someone or an group through a governing body or its equal such that defaulted payment is punishable by means of law. The imposition of taxes and the organization of taxing is as antique as civilization itself cutting across faith, race and continental borders. Prompt tax payment and reduced tax evasion is always a primary goal of the government in most civilizations that exist nowadays. The problem of tax evasion has confirmed to be a tough exercise to lessen even in international locations with a proper database of its citizenry and the contemporary mode of tax price is redundant and tense as ascertained through a survey of our case look at. Some of the demanding situations governmental our bodies have to conquer so that you can encourage the set off payment of taxes and correctly reduce evasion includes, developing convenient fee methods and having proper records retaining structures. This paper is a concise summary of ways the continuous improvement of computing science and its huge spread potential to be deployed to clear up a wide range of troubles can be geared in the direction of the development of an electronic taxation gadget to help government bodies with handy tax collection and report maintaining. The E-taxation is not a new machine, but a instead nearby strategy to a hassle with international purview.

Keywords: Tax services, preparation, savings.

2. INTRODUCTION

The usage of computerized structures has been established to be able to introducing massive efficiencies to commercial enterprise tactics at a minimal fee (Wasao, 2014), due to the bureaucratic shape of government which is costly to manage with little or no end result, tax authorities as an agency of presidency are turning to e-government led answers like digital tax submitting (e-submitting) (Amabali, 2009), based totally at the arguments that it enhances the delivery of public offerings and fiscal profundity with out incurring steeply-priced habitual overheads (Harrison & Nahashon, 2015).

United international locations stated that e-taxation is a procedure wherein tax documents or tax returns are submitted through the internet, normally without the want to submit any paper go back; it encompasses the usage of internet generation, the global net and software program for a huge range of tax management and compliance functions.

Wasilewski referred to in Muthama (2013) with consciousness at the economic improvement and taxation device by using comparing the case of Brazil and Japan. Japan's experience verified that a rustic does no longer want to delay a real change inside the tax structure until it achieves a excessive level of improvement, at the same time as in Brazil; low-profits taxpayers endure maximum of the tax burden.

3. Problem Statement /Rationale / of the Study

- The survey correlated financial planning and tax savings of salaried employees. The overall findings of the research reveal that tax relief is the most adopted tax savings instrument.

- The research concludes that salaried employees want to know their tax obligations from the right standpoint and processes of financial planning available to them so that they can make the best use of their earnings by reducing the incidence of tax

4. OBJECT OF STUDY :

- To Study the Financial planning for salaried Employees and strategies for tax saving in india.
- To find out the income and saving behavior of the salaried employee in the india.
- To understand tax saving strategies adopted by salaried employees and their impact on their Financial planning and Goals.

5. Literature Review

Siddhu (**2003**) studied subject matter on " Direct Tax Reforms in India put up liberalization situation" period of 1991-92 to 2000-2001" and draws some pointers. He found that direct tax reforms couldn't make a contribution positively to resolve the financial troubles of the usa. The discount in tax fees could not lead to better tax compliance reforms had be successful to increase the range of assesses however did not boom the critical government revenue. Eventually the researcher strongly recommended to review tax reforms rules by means of the authorities in the course of the take a look at length (Sidhu,2003).

- *Sarkar* (**1997**) tested to responsiveness of company tax to profits in India with the intention to assessing the justification for the imposition of the minimal alternative tax (MAT). His research divided in two parts. In component one, the buoyancy and elasticity of Indian company tax is analyzed In element two, company tax buoyancy is analyzed at a greater prominent stage. The researcher strongly discovered that the company profits constitutes one fifth 1/five of national profits. The buoyancy of company taxation in relations to corporate profits (GDP) had been observed to hovering round unity.

- Price of harmony in buoyancy estimates indicated that considerable discretionary sales measures are needed to preserve corporate tax to GDP ratio. On this regards the take a look at determined that corporate tax when it comes to public company quarter was buoyant at some stage in the period 1975-seventy six to 1989-90. but, for private corporate zone it became now not buoyant.

- *Achar* **(2012)** analysed saving and investment behaviour of teachers. The factors that determined the investment behaviour of teaching community were age, gender, marital status, and lifestyle, monthly family income, and family life cycle stage and upbringing status of individuals.

- The study conducted by Bhardwaj, Sharma and Sharma (2013), aimed at analysing the investment behaviour of the employees of Bahra University, Solan District

- It was found that the teaching fraternity is mostly unaware about the investment opportunities in stock market and other financial securities and they preferred to invest in bank deposit

- **Sangeeta Gupta (2017)** identified that financial literacy comprises of skills and knowledge that enables the individual to understand the principles of finance that an individual requires to know to make informed financial choices and decisions and the financial products that influence the financial well-being of an individual. Suyog and Komal (2018) state that this research focuses on the need and importance of retirement planning. There are considerable changes in the saving and investment behavior of individuals in India over the last couple of years.

- **Anand Kumar Shrivastava (2018)** The objective of the research is to study the investment behavior of government employees towards different financial products available in the market. Zankhana and Ronikadevi (2019) aim of this research is to analyze awareness, perception & behavior regarding different investment avenues available for salaried people and to study various demographic variables and pattern of investment.

- **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 objective of the study was to find out the relationship

- between saving and investment pattern and orientation towards finance among the working women at the universities of Saudi Arabia. Orientation towards finance (ORTOFIN) is one's attitude towards effectively managing financial activities.

- *Srividhya and Visalakshi* **(2021**) aimed to find the relationship between the saving and investment pattern of college teachers and the following factors influence the financial decisions of investors return earning capacity of the preferred investment, annual income of the teachers, and the amount of saving per annum. According to Vasagadekar (2022), due to poor level of awareness among working women in Pune they make poor portfolio investment decisions. The respondents in the study were financial illiterates.

- **Uma Maheswari and Ashok Kumar (2014)**, tried to explore the investment attitude of the salaried class towards investments and the results presented limited awareness about the investment avenues, hence suggests creation of awareness among the respondents.

6. Research Methodology:

Reserch Desing

The research design used for the study is descriptive. Descriptive research studies are those, which are concerned with describing the characteristics of a particular individual or group. The studies concerned with specific prediction with narration of facts and characteristics concerning individual group or situation are all examples of descriptive research studies.

Type of research design : Descriptive research

Research equipment : Questionnaire

Sampling technique : Non-probability technique convenience sampling method

Sample size : 27 samples

Sample design : Data has been presented with the help of bar graphs, piecharts, Etc.

7. TESTING OF HYPOTHESIS:

Null hypothesis H0: There is no significant association between demographic factors like gender, age, occupation, tax bracket and qualifications of individual and awareness about tax saving schemes.

Alternative hypothesis H1: There is significant association between demographic factors like gender, age, occupation, tax bracket and qualifications of individual and awareness about tax saving schemes.

Test Statistics: To test this hypothesis X^2 (Chi-square) has been used and the result is as under As calculated value of Chi-square is more than tabulated value (5.991) in case of gender, occupation, tax bracket and qualification of individuals and hence H0 are rejected.

Thus it can be concluded that there is significant association between demographic factors like gender, occupation, tax bracket and qualifications of individual and awareness about tax saving schemes.

But calculated value of Chi-square(3.654) is less than tabulated value (5.991) in case of age of individual proving no significant relationship between age of individuals and awareness of tax saving schemes.

8. Sources of Data :

Standardized questionnaire is used for data collection A questionnaire consists of a number of questions printed or type in a definite order on a form or set of forms. The Respondent has to answer the question on their own. Apart from this observations and interview has also been used as a source for primary data collection.

8.1 Data collection Method :

- **Questionnaire**

The method was adopted in primary data collection was Questionnaire. This was used to assist a more structured form of information. The information thus obtained was standard and in a more unbiased form. It assisted to collect the data from a large sample size. The pattern adopted was a general form of questionnaire about the financial planning and strategies for tax savings by employees.

- **Secondary Data**

Secondary data means data that are already available i.e., the data which is already collected and analyzed by other. To get a better understanding and to have a larger exposure on the subject this method will use. Methods use was data available on articles in newspaper, financial industry reports, financial planning board of India reports and articles, reports published by government of India.

8.2 Source Of Primary data

Variables	Categories	Frequency	Percentage
Gender	Male	136	68%
	Female	64	32%
Age	20-30 Years	134	67%
	30-40 Years	46	23%
	50-60 Years	08	4%
Educational Details	Higher Secondary	14	7%
	Graduate	139	69.5%
	Post Graduate	47	23.5%

8.3 Sampling Method :

Tools used for Analysis:
After the collection of the data through the quaestionnaire, editing was done carefully.
Based on the response of tge sample, tables where prepared. The data analyze and interpreted with the help of tables and figures. The tools used to analyze the data were frequency analysis, simple percentage analyisis. Chi-square test done in the statistical method.
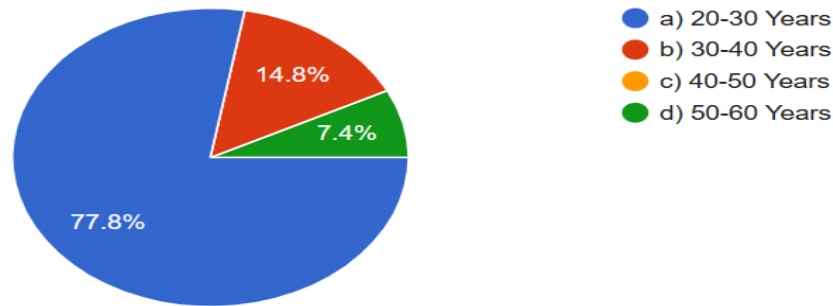
Sample frame
In the above case sampling will be all the employees having professional qualification in both both private and public sectors.

Sample Data :

Age of employees
27 responses

- ● a) 20-30 Years
- ● b) 30-40 Years
- ● c) 40-50 Years
- ● d) 50-60 Years

8.4 Data Collection & Instrument :

Primary data
The primary data is going to be collect questionnaire and observation. There are also formal and informal discussions with the employees.

Secondary data
Secondary data means data that are alrady available , the data which is already collected and analyzed by other. To get a better understanding and to have a larger exposure on the subject this method will use. Methods use was data available on world wide, web in newspaper, financial industry report, finaciale planning board of india reports and articles, reports .

8.5 Data Analysis and Interpretation :

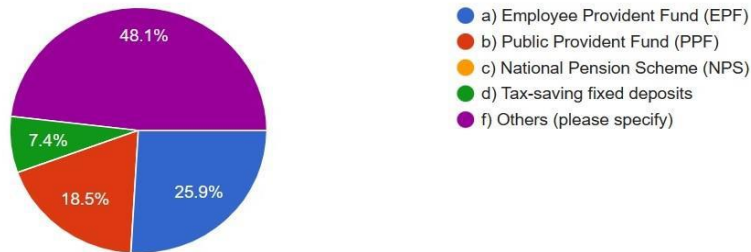### 1. What is your Occupation ?

Occupation
27 responses
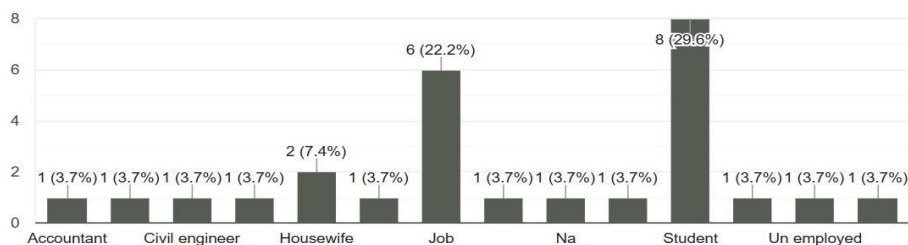
> ➢ from the male category(3.7%) responding in accountant nd civil engineer nd job about that responses is (22.2%).

2. **which tax-saving investments or strategies do you currently use?**

Which tax-saving investments or strategies do you currently use?

27 responses

- a) Employee Provident Fund (EPF)
- b) Public Provident Fund (PPF)
- c) National Pension Scheme (NPS)
- d) Tax-saving fixed deposits
- f) Others (please specify)

48.1%
7.4%
18.5%
25.9%

➢ The study also revealed that most of the salaried employees are aware about the benefits of tax saving investments like in ratio of different plans according to EPF in (25.9%), in NPS not aware , and NSC also not aware nd other specify plans (48.1%). Life insurance, health insurance as well as PPF (18.5%)are nd inn this tax saving deduction plan(7.4%) aware tax saving fixed deposited.

9. Results And Findings :

➢ The study reveals that majority (77.8%) of the respondents were from the age group of 20-30 years and most of them were from the male category (69%)nd (3.7%) responding in accountant nd civil engineer nd job about that responses is (22.2%).

➢ From the annual household income, it is found the (7.4%) above 1lks income ratio as well as 3lks on (3.7%) working employees were the respondents.

➢ According to the results, an increase in salary or additional income/increments will help an individual to increase the size of their savings.

➢ The study also revealed that most of the salaried employees are aware about the benefits of tax saving investments like in retio of different plans according to EPF in (25.9%), in NPS not aware , and NSC also not aware nd other specify plans(48.1%). Life insurance, health insurance as well as PPF (18.5%)are nd inn this tax saving deduction plan(7.4%) aware about the popular investment options.

➢ Most of the respondents prefer a regular return plan as a choice for their future. Other preferences include pension plan, multiple option plan and medical plan.

➢ From the study we found that (92.6%)of respondent were from private sector, not respondents were self-employed, (7.4%)were earnings from different other sectors and very least belongs to government sector.

➢ From this study we observed that only 34.1% respondents are filing for tax, 28% of respondent manage income within threshold limit, 24.4% are having income below taxable limit, for 7.3% respondents' income is earned in the form of cash, and 37respondents their income is not regular in nature.

➢ From the study we observed that stay information about finaciale plan awre about oters plan according (18.5%) finaciale website nd vlogs toget information nd (25.9%) infinaciale advisors professionals ,(51.9%)other specify plans to get informations.

➢ Tax-deducutions available about salaried employees to awarethe(63%)nd not awre thate (37%)of the critariea.

10.   Limitations of The Study :

- he research area of the study is confined to Alappuzha district due to time and resource constrains.
- Data collected from the sample of 50 only
- convenience sampling method is used.
- The salaried tax payers are widely scattered in the study area.
- The information provided by the salaried tax payers is purely based on their perception only.
- The quality and reliability of the data collected is the actual expression of respondents
- Reluctances of the respondents to provide information can affect the validity of the responses.
- The lack of knowledge of the respondents about the financial instruments can be a major limitation.
- The information can be biased due to use of questionnaire.
- The study was conducted for 2 months i.e. from 1st June 2020 to 31st July 2020.
- The survey was conducted digitally, hence there was lack of physical presence from both ends.
- The responses were anonymous.

11.   Conclusion / Suggestions :

Based totally on the findings of the examination, it's miles specifically concluded that statistics generation beautifies the extent of productiveness in tax collectivity and management. Specially; online submitting and remittance of tax returns via tax payers' are inversely associated with tax making plans and implementation via tax administrative companies.

 The adoption of data generated inside the registration of eligible and capability tax payers portrays performance in tax planning and implementation which in flip guarantees ease collectivity of tax returns.

In admire of the research findings, the examine recommends that: submitting of tax on line have to be monitored and controlled because of its unfavorable effect on making plans and implementation of tax collectivity; respective businesses (federal, state and local government) responsible for tax series have

to sensitize eligible and ability taxpayers on the system and suitability of online tax registration by way of taxpayers in other to decorate its impact on tax administration within the united states; online tax remittance should be inspired.

Tax saving is only a smart part of broad category called financial planning. There is more to a financial plan than what meets the eye. For a financial plan to be successful, it should have a proper investment plan that save taxes.

- People working in a organized sector pay would file income tax who`s income is being tacked as there salary or other income have been monitored through bank transaction and pan cards.

- But the mainly problem is with people working in unorganized sectors who earn income through form of cash ,there earning be small or big in numbers but its been hard to track their income.

- About 60% of survey responded as earning income below rupees five lakh so its not fair to draw conclusion that, very smaller number of people file taxes, less the income of individuals less the number of people filing taxes.

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