A Study on Financial Planning for Salaried Employee and Strategies for Tax Savings

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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 waterfall method became decided on for device improvement. Goals to be done with the aid of the system are immediate get right of entry to, progressed productiveness thru efficient usage of sources, database advent and information control, simplification of operations, reduced processing time, user friendliness, portability and versatility for further enhancement. The E-taxation is not a new machine, but a instead nearby strategy to a hassle with international purview. This system looks at how tax payment may be encouraged through simplification and elevated performance in

price processing.

Keywords: Tax services, preparation, savings.

CHAPTER-1

INTRODUCTION

1.1 INTRODUCTION ABOUT THE STUDY

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.

1.2 A Brief History of Taxation in the world

Taxation is going back as a long way as recorded records. But, it turned into not till the start of the high-quality civilizations that we see tax accrued for a kingdom by using an prepared group devoted to that sole assignment . There were taxes to help maintain sources like boats, towns secure passage, ports palaces, production tasks and possibly the maximum famous reason, to fund conflicts and at some point of this tax has grown and evolved as civilizations themselves advanced.

- ***Egypt (Pre-3000 BC to 300 BC)***

In historic Egypt, the ruler 'pharaoh' who turned into considered the maximum authority of the land, a god, informed his chief minister, the vizier, to arrange lots of scribes to acquire taxes from all residents of the country. In historical Egypt heyday, the ones owing taxes were compelled to hand over portions in their land, cattle and many others, to the scribes and courts. The Ancient Egypt's

taxed grain, cooking oil, livestock, beer, different farm produce, personal livelihood, Nile utilization for transportation of merchandise, and overseas trade. Neighborhood officers have been also taxed. The rich nobles or even the tax collectors had been no longer exempted from the gathering of taxes.

- ### *China (2100 BC to 1911 AD)*

Historic Chinese taxation records are denominated by way of in particular the agrarian financial system with listening taxes levied with the aid of Emperors that roiled during the 2000 12 months Imperial duration, from the qin (chin) dynasty in 221 BC, to the Xinhai republication revaluation in the 1911 advert. China did not introduce income taxes until 1950. And even then it becomes handiest levied on preceding capitalists until 1959. Due to the fact the state controlled all production. It becomes pointless to tax earning. Income tax changed into sooner or later brought in 1980 after financial reforms in the Seventies. Nowadays china levies product Tax that is levied on maximum agricultural and business merchandise; fee brought tax (VAT) that is levied on selected commercial merchandise enterprise Tax; that's levied on offerings and trades, and sale tax, that's levied on salt manufacturers and distributors. Other than the VAT, those taxes were all charged on goods and services at every stage of manufacturing and marketing. Sooner or later the Chinas tax systemic like its political machine, is continuously undergoing reform, and destiny can only promise further tendencies in this location for China.

- ### *India (Pre 300 BC)*

In India, Direct taxes have been levied in India for hundreds of years. Two terrific literary works, the (Manusmriti and Arthasastra) consisted of unique advice given to kings by way of sensible sage, on the problem of taxation. The Manusmriti laid down that traders and artisans need to pay 1/5th of their earnings in silvered & gold, white the agriculturists were to pay 1/sixth, 1/8th, and 1/tenth in their produce depending upon their circumstances.

CHAPTER-2
REVIEW OF LITERATURE

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 deposits.

Srividhya and Visalakshi (2013) 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 (2014), 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. Umamaheswari 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.

CHAPTER-3

RESEARCH METHODOLOGY

3.1 OBJECTIVES

To study the pattern of tax planning by individual.

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3.2 Research Design

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.

3.3 Measures

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.

3.4 STATISTICAL TOOLS FOR ANNALYSIS

- ANOVA

CHAPTER-4

DATA ANALYSIS AND INTERPRETATION

TABLE 4.1: SHOWING AGE OF THE RESPONDENTS

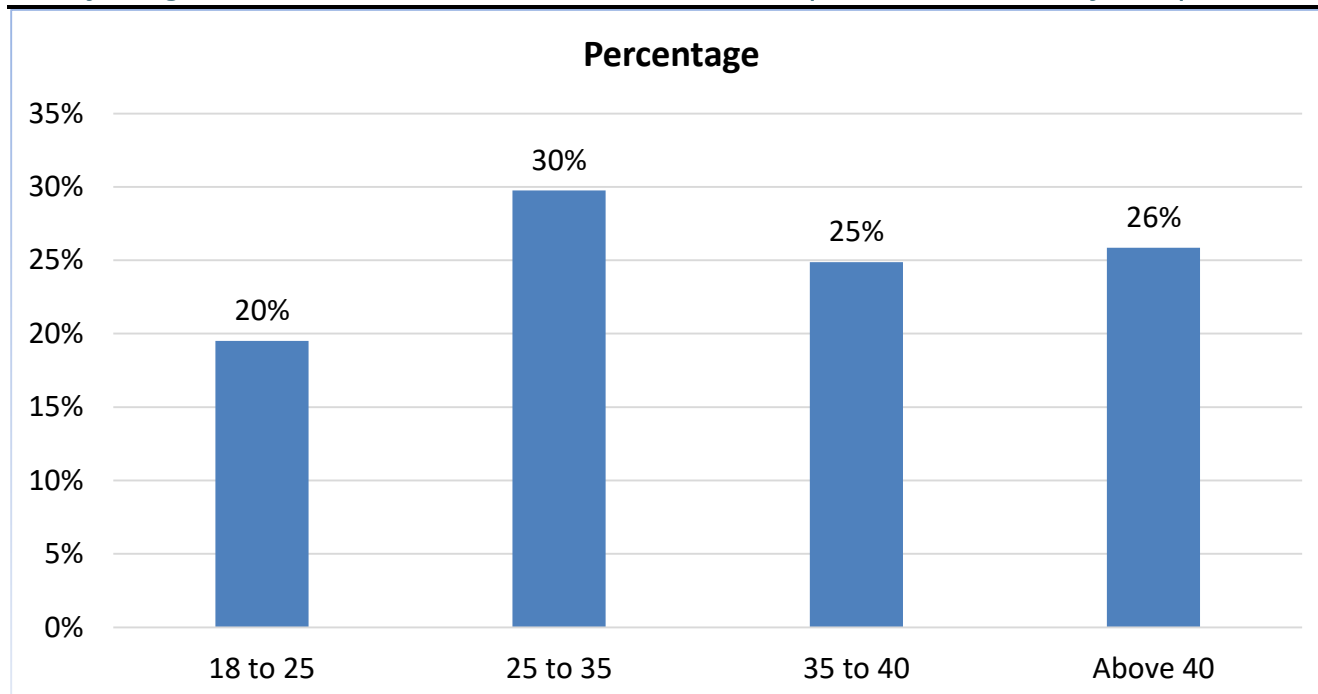| Age	NO. OF RESPONDENTS	Percentage
18 to 25	40	20%
25 to 35	61	30%
35 to 40	51	25%
Above 40	53	26%
Total	205	100%

Source: Primary data

Percentage

CHART 4.1: SHOWING AGE OF RESPONDENTS

INTERPRETATION:

From the above table it is interpreted that 20% of the respondents are 8 to 25 years, 30% of the respondents are between 25 to 35 years, 25% of the respondents are between 35 to 40 years ,26% of the respondents are between Above 40 years .

INFERENCE:

Majority of the respondents are between 25 to 35 years.

4.2 ANOVA

From the analysis of the data collected , the following result are obtained.

1.There is no significant difference among different Age group and Showing Years of filling return with the current tax consultant.

2.There is a significant difference among different Age group and Showing Years of filling return with the current tax consultant.

ANOVA					
Years of filling return with the current tax consultant					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	58.582	3	19.527	13.811	.000
Within Groups	284.199	201	1.414		
Total	342.780	131			

INFERENCE:

The p-value is .000 which is lesser than the alpha value (0.05), hence alternate hypothesis (H1) is accepted. Therefore, there is a significant difference among different Age group and Showing Years of filling return with the current tax consultant.

CHAPTER-5
SUGGESTION AND CONCLUSION

5.1 SUGGESTION

Income-tax is the primary source of revenue for any authorities. In India profits-tax is levied and gathered as in step with the policies, policies, and provisions of the 'income-Tax Act, 1961'. This Act has its personal history. In 1922 the All India income-Tax Committee recommended and passed the Indian profits-Tax Act, 1922, which changed into built on 'British version'. Though the cutting-edge 'income-Tax Act, 1961' has been got here into lifestyles after enhancing 'The Indian Income-tax Act, 1922', the effect of the British version still exists at the Act. Due to this effect the Act is not so familiar to the common man of India. Kulkarni P.G., in his Ph.D. Thesis, mentioned that there is a want to totally reframe the overall tax structure.

Eranna M. Additionally in his Ph.D. Thesis said that the language of the Act and different income-tax handbooks is trapped in ordinary legal verbiage, which is very tough to understand. Eranna M. In his thesis advised that the profits-Tax department is a fairly human interactive department of the government, so it may recollect organizing city, regional and countrywide degree schooling courses for its personnel at unique administrative hierarchy to impart them in human family members skills. However, it isn't always sufficient.

5.2 CONCLUSION

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.

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