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## A STUDY ON FINANCIAL PLANNING FOR SALARIED EMPLOYEE AND STRATEGIES FOR TAX SAVING

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### ABSTRACT:

This study delves into the realm of financial planning tailored specifically for salaried employees, offering insights into effective strategies for tax saving. Salaried individuals constitute a significant portion of the workforce, yet many may lack comprehensive financial planning guidance. The research examines various avenues for optimizing finances, including investment avenues, insurance coverage, and retirement planning, all within the framework of minimizing tax liabilities. By analyzing the current landscape of tax regulations and available financial instruments, this study aims to equip salaried employees with practical knowledge and strategies to enhance their financial well-being. Through a combination of literature review and case studies, this research elucidates the importance of proactive financial planning and provides actionable recommendations for achieving long-term financial security while optimizing tax savings.

**Keywords:** Salaried employees, Financial planning, Tax saving.

### INTRODUCTION:

Charges are the public authority's primary and most notable source of revenue. The public authority uses charge income for a number of initiatives aimed at advancing the nation. The Indian obligation framework's three-tiered government construction is carefully thought out. The assessment structure is composed of the federal government, state legislatures, and local metropolitan components. There are two distinct categories of expenditures in India: indirect assessment and circuitous duty. While direct costs include annual duty, gift, capital increase, and other charges, backhanded charges include worth added charge, administration assessment, labor and product charge, customs obligation, and so on

The Indian central government requires a number of fees, including customs charges, focus extract obligations, personal expenses, and administration charges. Pay associated to agribusiness, state extract charge, proficient assessment, land income, and stamp duty are all based on annual expenses. Metropolitan experts approve the range of control, local fees, and other responsibilities on diverse administrations, such as garbage and water transportation.

States impose taxes on its citizens to raise money for campaigns aimed at bolstering the nation's economy and improving the standard of living for its citizens. The basis for public authority's overall right to impose charges in India is found in the Constitution, which grants State and Federal legislatures the jurisdiction to do so. In India, the State Council or the Parliament must approve a supporting regulation before any compelled charges can be made.

## OBJECTIVES:

- To find out Tax-saving strategies adopted by salaried employee
- To study the influence of financial planning for salaried employees and strategies of tax savings on various demographic factors

## REVIEW OF LITERATURE

01. Mariyah Ahmer Shaikh (2021) : Monetary preparation is essential to reducing fees and maintaining a constant reserve funds rate. It involves taking into account your take-home salary, savings, expenses, anticipated future income, insurance, financial goals, and overall perspective. To achieve both short-term and long-term financial goals, carefully consider the reserve and contributions you make. Financial planning should take into account the desire to reduce charge liability. An overview was intended to familiarize readers with the tax planning and duty-saving strategies employed by salaried individuals in the Pune, Maharashtra area. Determining the amount saved and identifying the most effective and often used charge investment fund approach were among the goals of the assessment.

02. Vigneshwaran.V(2021) : Any type of expense assessed against a person or group by an oversight body or a substance of similar standing is considered a charge, and non-installation is subject to legal penalties. The primary concerns of public authorities in modern advancements are shorter expense installment terms and reduced tax evasion; nonetheless, tax evasion remains difficult to combat even in countries with robust resident data sets. Our contextual study revealed the advanced expense framework's complexity and needlessness. The advancements in computational science can be leveraged to develop an electronic tax assessment tool that will assist state-run agencies in meeting their reporting and duty collection obligations. For the device enhancement cycle, the cascade technique was chosen to achieve quick access, increased efficiency, and data set.

Charge specialists will employ e-government driven systems like computerized charge documenting (resubmitting) because of the administrative concept of government. It has been shown that there is a minimal cost associated with this alternative to familiarize strategic policies with vital efficiency. Tax collecting has a history almost as old as write down accounts, but it wasn't until the emergence of extraordinary municipal establishments that we witnessed charges being collected for a region by a designated group of people dedicated to that one task. Within India, income.

03. Blessy a. varghese (2019) : India has a developing mixed economy, ranking third in terms of purchasing power equality and sixth in terms of apparent gross domestic product. The salaried workforce, which contributes 12% of the total income through personal expenses, is a reliable citizen. Charge planning has become extremely important for the salaried class of residents because to the growing tensions associated with growth, cost increases, and their strict requirement to comply with burden restrictions. India is home to some of the world's fastest-growing service sectors, including services like business process re-appropriation (BPO), IT, and Furthermore, programming administrations are currently among the best-selling items. Three financial sectors comprise the majority of India's GDP: agriculture, manufacturing, and services related to banking, construction, retail, construction, and other financial activities. The purpose of the review was to

examine how the public authority's duty estimates on personal expense regulations affect the salaried class, how well managerial frameworks manage charge projects and collect annual expenses, and how well the state's salaried classes arrange their duties. It also attempted to determine the extent of data on the class concerning the various cost-arranging methods made available by the yearly duty statute.

**05. GS, Sumesh (2020) :** This study centers around the expense arranging methodologies utilized by the state's salaried annual duty assessors. It evaluates how very much educated representatives are about charge rules and methodologies, as well as their saving and contributing examples, obligation reimbursement examples, and utilization of expense arranging systems over the review period. The immediate duty known as annual expense is the public authority's fundamental and most critical type of revenue. To maintain law and order, safeguard public safety, and advance the government assistance of the general population, the public authority requires cash from various sources. Personal duty is an essential instrument for accomplishing adjusted financial development since it offers impetuses and concessions for explicit formative objectives. Factors like the Organizations

**06. Siddharth Dhongre and Vilas Esper(2020) :**The goal of this investigation is to gain a deeper understanding of how employees manage their resources in order to restrict their take-home income. This study looks at how paid individuals save money and minimize their assessment obligations. The most common combinations of duty-saving elements were PPF (Public Rich Asset), LIC (Disaster Protection Organization), home credit, Public Reserve funds Testaments (NSCs), and children's education. parts were PPF (Public Advantageous Resource), LIC (Calamity security Association), house progresses, Public Save Supports (NSCs), and adolescents' tutoring.

**07. (By Ali Medes, Asif Jeelani Khan)2020 :** An individual's ability to put resources into monetary resources is vital to their drawn out monetary achievement. To exploit the possible returns and duty benefits of monetary resources, as well as the required extent of pay set to the side under programs like Tastes (Efficient Money growth strategies), an individual should save routinely. Monetary resources are favorable on the grounds that they might be obtained without burning through a significant amount of cash right away, in contrast to the acquisition of a material product. Notwithstanding, the salaried class in Jammu and Kashmir is careful about monetary ventures because of the chance of lower returns

**08. Blessy A. Varghese(2019) :** Have focused on fee arrangement estimations that the salaried class has accepted, particularly in the Chengannur portion of the Alappuzha Area. Understanding and evaluating the charge-arranging strategies being implemented by the state's salaried class was the aim of this investigation. Numerical tactics were utilized to analyze this exploration. The information was examined using a simple rate technique.

**09. Ashish Mishra And Brijesh Kumar Yadav (2017) :** Everyone is required by the Personal Assessment Demonstration of 1961 to pay yearly expenses at the rates specified by law. This includes individuals, groups, Hindu monogamous families, businesses, supportive social classes, associations, gatherings, and any legitimately unauthorized individuals that may yet exist. Despite the fact that expenses generate revenue that is used for many objectives, people often experience anxiety as a result. Three categories of surveys—people, Hindu Unified Families, Unregistered Firms, and Different Family Members of People—pay separate yearly charges in India on non-agrarian earnings. This study is just centered around customary citizens, yet there is a more extensive field of request. In ancient and traditional societies, personal responsibilities were imposed, and India had a three-tiered legal system with financial sanction. Legislators use various costs and duty rates

since levies are one of their main sources of income. Apart from its role in providing revenue, the individual personal expense has typically been viewed as a tool for creating distributive equity. Another well-known and speculatively employed tactic to understand its potential is the degree of each person's yearly obligation to add up to burden income and public pay. Sound duty framework is indicated by high expenditure income response to adjustments in public pay or open area.

10. **DEEPAK T C (2020)** : This paper focuses on how the Annual charge Demonstration of 1961 allows the government to impose immediate personal expenses as a charge on the earnings of its relatives. compensation includes capital gains income, investment property, business profit, skillful additions, and "pay from different sources." The public authority weighs various deductions from an individual's income before determining the appropriate amount to be charged. States expect taxes to pay for the entire cost of social government aid for the public. The two distinct types of obligations are backhanded charges and direct expenses. Direct obligations are those that are imposed directly on someone's wealth or income, whereas backhanded charges are those that are gathered without considering the expense of administration or a decent life. Case regulations are essential documents that represent court rulings.

In accordance with the 1961 Annual Duty Demonstration, the government may impose direct personal expenses on the earnings of its relatives. This is the main focus of this study. Court rulings are portrayed in case regulations, which are essential

To be applied to the entire pay of the evaluatee, absolute pay must be calculated in accordance with the guidelines provided in the Annual Expense Demonstration of 1961. The methods for obtaining personal obligations include determining a person's residency status, classifying their income under different headings, excluding paid time off, calculating their total income under each heading, combining their sources of income, allocating and communicating misfortunes, calculating their net total income, and, finally, determining their total pay. Before processing their annual duty via allowance, any individual who has to survey their personal assessment, participate in the planning and reserve money, should first determine their total pay and make any necessary adjustments from that absolute pay.

## RESEARCH METHODOLOGY

The research aims to explore tax-saving strategies among salaried employees and the impact of financial planning on these strategies across demographic factors. However, there is a significant gap in understanding behavioral and psychological factors that influence tax-saving decisions. A comprehensive analysis of demographic factors, such as age, income level, and education, could help develop tailored interventions and educational programs for improved financial literacy.

## RESEARCH DESIGN

The methodology includes both primary and secondary source materials. The primary method of data collection was the creation of a questionnaire designed to collect information from respondents. Secondary data sources examined included scholarly journal articles, periodicals, and newsletters. The outcomes of the quantitative data will be statistically analyzed using technologies that determine the relationships that are meaningful, useful, and significant. The hypothesis-testing procedure is going to be implemented through the use of the SPSS software, so that the quantitative data obtained from the questionnaire can be analyzed, and it will create a statistical-based background for the research finding.

## DATA COLLECTION

The main data for the research was refined through a structured questionnaire that was distributed to members of chartered accountants. The secondary data was obtained from academic literature journals, and magazines. The sample in the research of 100 is comprised of Auditors

## LIMITATIONS

- The subject of income tax is such a vast subject that it could not be studied within the time of months
- . Due to time constrict only some samples were considered

## DATA ANALYSIS

Questions		Frequency	Percentage (%)
Age Group	Below 30	42	37.5%
	30-44 years	54	48.2%
	45-60 years	16	14.3%
Gender	Male	63	56.3%
	Female	49	43.8%
Educational level	Degree	28	25%
	PG	47	42%
What is the primary purpose of financial Planning for Salaried Employee?	To Maximize debt	24	22.2%
	To Minimize savings	11	17.5%
	To achieve goals	17	27%
	To increase expenses	21	33.3%
What of the following is a tax saving investment option available to salaried individuals in India	Spending on Vacations	16	25.4%
	Buying Luxury Items	12	19%
	Investing in public provident fund.	15	23.8%
	Purchasing expensive gadgets.	20	31.7%
Which of the following statement is true regarding tax saving investment?	Tax saving and generate return	19	12.9%
	Tax saving investment have no impact on tax liability	17	27.4%
	Tax saving investment helps in reduce taxable income	18	29%
	Tax saving investments generate returns	8	30.6%
How does contributing to retirement plan in tax planning?	To increase tax rates	22	36.1%
	It has no affect on taxable income	16	26.2%
	It decrease taxable income	13	21.3%
	It increase taxable income	10	16.4%



Which tax saving investment option is specially designed for retirement planning?	Employee provident fund	14	22.6%
	Equity linked saving schemes	19	30.6%
	National Pension system	17	27.4%
	Public Provident Fund	12	19.4%
Which of the following is a short term capital gain tax rate for salaried individuals in India?	30%	25	28.6%
	10%	18	39.7%
	15%	10	15.9%
	20%	10	15.9%
Which of the following tax saving options is specially designed for education expenses?	Health insurance premium	7	11.1%
	National saving Certificate	16	25.4%
	Educational loan Interest	26	41.3%
	Equity linked saving Scheme	14	22.2%
In your opinion, what is most challenging aspect of financial planning for a salaried employee?	Identifying suitable investment options	9	14.3%
	Understanding and optimizing tax implications	21	33.3%
	Balancing short term and long term financial goals?	23	36.5%
	Keeping up with financial regulation	10	15.9%
How familiar are you with Tax saving investment options are available for salaried employee	Very Familiar	12	19.4%
	Some What Familiar	19	30.6%
	Not at all Familiar	10	32.3%
	Prefer not to say	11	17.7%
What is the maximum deduction allowed under Section 80C of the income tax Act for salaried employees	50,000	18	12.9%
	100000	19	30.6%
	200000	17	27.4%
	500000	8	29%

## Hypothesis:

HO : There is no significant difference in how salaried employees perceive tax planning.

H1 : There is a significant difference in how salaried employees perceive tax planning

Where,

Dependent Variable : Perception of tax planning

Independent Variable: salaried employees

VAR00001 \* VAR00002 Crosstabulation

Count		VAR00002				Total
		1.00	2.00	3.00	4.00	
VAR00001	1.00	5	6	2	1	14
	2.00	0	5	5	1	11
	3.00	1	7	6	3	17
	4.00	3	3	10	5	21
Total		9	21	23	10	63

### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	15.087 <sup>a</sup>	9	.049
Likelihood Ratio	16.706	9	.054
Linear-by-Linear Association	6.576	1	.010
N of Valid Cases	63		

a. 11 cells (68.8%) have expected count less than 5. The minimum expected count is 1.57.

Activate W

## Analysis

As the chi square have given values of p less than 0.05 significance level, the null hypothesis has been rejected and alternate has been accepted.

Therefore, There is significant relationship between how salaried employees perceive tax planning and he most challenging aspect of financial planning for a salaried employee.

## Findings

Making sure that there is a balance between money coming in and going out will be made easier with financial planning. It makes it possible for a business or individual to adjust their strategy in response to shifting market conditions. Some individuals think that prudent financial planning requires setting aside money on a regular basis in fixed or bank deposits. However, to attain your life goals, arbitrarily deploying money and investments is insufficient. other hand, such investments lead to the wasteful use of your financial resources. The purpose of this study to know financial planning and their savings to reduce tax liability .

- Since they can be viewed as the most trustworthy individuals, most of salaried representatives rely on the insight of their mates as well as relatives. The review members likewise taken autonomous choices to pursue free choices.
- Greater part of respondents look for the help of a specialist while documenting their charges for the year
- One ought to in this manner generally remember obviously characterized objectives and connection their expense instruments to those objectives

## SUGGESTION

- The main subtleties are that respondents ought to expand their saving rate to 3040% of their compensation, investigate different venture choices, record personal duty, and make a spending plan to designate cash for various costs and track their monetary objectives. This will assist them with making a protected monetary future
- Financial backers ought to research and look at loan costs and terms presented by various banks to get the best arrangement. They ought to likewise survey the agreements of the store, including early withdrawal expenses
- Start saving as soon as you can so that you have a lot of time to keep your investments in place and generate healthy returns

## CONCLUSION

From the above discoveries it tends to be reasoned that venture focused on charge saving procedures as well as monetary anticipating remunerated work force. The data that the workers supply is utilized for charge arrangement and monetary preparation. Monetary arranging decreases your duty responsibility as well as gives you tranquility of mind. Financial arranging is a wide theme that incorporates many sub-classifications, including charge readiness. A monetary arrangement is trickier to execute than it appears. A sound duty saving speculation technique is vital for a monetary arrangement to find true success. No matter what the technique you pick, barely any things stay steady

