



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

A STUDY ON TAX PLANNING STRATEGY ADOPTED BY THE SALARIED EMPLOYEES

VANAJA LAKSHMI¹ & DR. T.R. KALAILAKSHMI²

¹MBA Student, School of Management Studies,

Sathyabama Institute of Science and Technology, Chennai, Tamil Nadu, India

²Assistant Professor, School of Management Studies, Sathyabama Institute of Science and Technology, Chennai, Tamil Nadu, India

ABSTRACT

The main aim of this research is to know how effective tax planning strategy can influence tax payers and their income. The study is descriptive in nature. The objective of the research is to study the patterns of savings used by the salaried employees and to Determine the level of tax planning knowledge among employees. The sample size is 160. The sample method used for this study is the Percentage analysis. The data has been collected through a well-structured questionnaire and has been analyzed.

KEYWORDS:

Salaried Employee , Tax Planning Strategy, Income Tax

INTRODUCTION:

Tax planning strategy is the analysis of financial situation of an individual and deciding in advance what to do and how to reduce tax liability of particular person's income for that year. The main purpose tax planning is to ensure that all elements work together to allow you to pay the lowest taxes possible. Planning is deciding in advance of what to do and how to implementing a strategic tax plan. Each salaried employee should plan their tax according to their income. The government provides many allowances, deductions and investment schemes for salaried employees who pay tax. The salaried employees should plan their own investment and saving schemes according to their needs for tax saving

.Tax planning is important when it comes to tax saving.

OBJECTIVES

- To Study and compare the tax planning strategy adopted by the salaried employees.
- To study the pattern of saving used by salaried employees.
- To compare the tax saving investment behaviour and attitude of salaried employee.
- To understand how savings can increase for the future using for the salaried employees.
- To find out the most suitable investment instrument for salaried employees.
- To observe the level of tax planning knowledge among employed persons with regard to minimizing their tax obligations.

SCOPE OF THE STUDY

The scope of the study is vast; the study aims to understand the various complex matter affecting financial planning of each individual income tax payers. This study is limited to tax planning strategy adopted by the salaried income tax payers. The study evaluates the awareness of employees on the tax laws and tax planning measures. The saving habits, investment pattern, repayment of liabilities, tax planning measures adopted by the salaried employees and the level of awareness of employees on tax laws and tax planning measures will be studied and evaluated.

NEED FOR THE STUDY

Tax planning encompasses the various strategies for employed to reduce tax liabilities while maximizing after tax income. It helps to avoid tax liability and achieve the desired financial goal. The objective of this research is to examine and compare the tax planning strategy adopted by the salaried employees and the pattern of saving used by salaried employees.

REVIEW OF LITERATURE:

- Dr. Mudholkar Gajanan Panditrao (2014) has conducted research on a critical study of income tax planning and management of employees. This study have made an attempt to understand the concept by an analysis of the awareness level of employees on tax planning measures and the provisions of tax laws affecting the salaried class. The tax planning measures adopted for the period under study by salaried employees.
- R. Yuvaraj (2022) has conducted research on a a study on financial planning for salaried employees and strategies for tax savings. This study have made an attempt to understand the concept by an analysis the most suitable investment instrument for salaried investor to save tax liability. The study helps to understand Financial planning for salaried employee is not just a driven process; it is actually a basic need for every individual and his/her family. It is a complete cycle starting from monthly budget to retirement planning. The process comprises Budgeting, Insurance, Goal-Based Investments, Getting out of Debt, and Retirement.

Having well-structured short-term and long-term financial goals at every stage of your lives is necessary for all salaried employees.

- Mrs. N.O.ANITHA(2012) has conducted research on a study on tax planning for salaried employees and strategies for tax saving scheme. This study have made an attempt to understand the concept by an analysis the saving investment behaviour of the salaried employees and To study on the level of awareness of the salaried employee on various investment schemes.The study helps to understand how important it is to save tax in the tax planning. Tax planning is not tax avoidance but a method to educate employees on how to save tax. The study has discovered that the Government has provided many investment schemes to salaried employees to save tax and tax awareness is the employee knowledge about different tax saving schemes.
- Ms. Purva Savaliya and Mr. Vivek Ayre(2023) has conducted research on a study on An Analysis of financial planning for salaried employees and strategies for tax saving.The objective of the study is to find out Tax-saving strategies adopted by salaried employee.The study helps us To understand and evaluate tax planning is not reducing only the tax burden if the salaried assesses adopt tax planning measures it would help them to save considerable amount of our hard-earned money in a legal way.
- V.Srinivasulu(2022) has conducted research on a study on Perspectives of individual taxpayers on tax preparation strategies.The objective of the study is to examine tax payers' perceived levels of saving behavior in relation to different tax planning strategies. The study has discovered that Many people prefer paying tax rather than tax planning because they think it's hard, however this is frequently untrue. Tax rules and possibilities must be understood to plan taxes well. Thus, tax planning may be done with precision and ease.

RESEARCH DESIGN:

The study is descriptive in nature. This research is basically fact finding with adequate interpretation using simple analysis of data and by developing thinking and elaborating of patterns and obtaining tentative generalizations.

SOURCES OF DATA:

Primary Data – Questionnaire given to 160 respondents

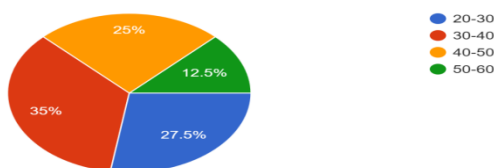
Secondary Data - Websites and, Published reports &Review of literature from published articles.

PERCENTAGE ANALYSIS:

Research questions are always answered with a descriptive statistic generally either percentage or mean. Percentage is appropriate when it is important to know how many of the participants gave a particular answer. Generally, percentage is reported when the responses have discrete categories.

S.no	Age	No of Respondents	Percentage analysis
1	20-30	44	27.5%
2	30-40	56	35%
3	40-50	40	25%
4	50-60	20	12.5%
Total		160	100%

Age (Years)
160 responses



INTERPRETATION:

- From the above table it is interpreted that the number of respondents are 20 -30 age of respondents are 27.5 %,between 30-40 age of respondents are 35 %,between 40-50 age of respondents are 25%,between 50-60 age of respondents are 12.5%.
- From the above table The number of male employees is 54.4% while the female is about 45.6%

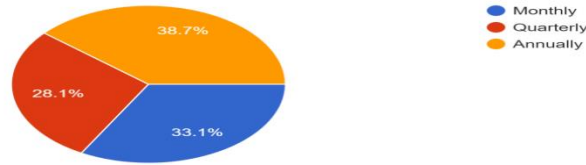
INFERENCE:

- Majority 35% of the respondents are aged between 30-40 years
- Majority 54.4% of the respondents are Male.
- Majority 65% of the respondents are Married.
- Majority 50.6% of the respondents belong to Government sector .
- Majority 94.4% of the respondents belong to the Income from salary category.

Table indicating the frequent involvement in tax planning activities by the respondents.

S.no	Involvement	No of Respondents	Percentage analysis
1	Monthly	53	33.1%
2	Quarterly	45	28.1%
3	Annually	62	38.7%
	Total	160	100%

How frequently do you engage in tax planning activities
160 responses



INTERPRETATION:

- From the above table it is interpreted that the number of respondents are belong to Monthly category are 33.1% ,the number of respondents belong to Quarterly category are 28.1%, and the number of respondents belong to Annually category are 38.7%.

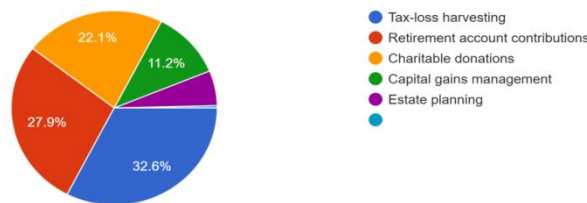
INFERENCE:

- Majority 38.7% of the respondents belong to the Annually category.

Table indicating the tax planning strategies commonly utilized by respondents

S.no	Investment instruments	No of Respondents	Percentage analysis
1	Tax-loss harvesting	52	32.6%
2	Retirement account contributions	44	27.9%
3	Charitable donations	35	22.1%
4	Capital gains management	17	11.2%
5	Estate Planning	9	5.8%
6	Others	3	0.4%
	Total	160	100%

Which of the following tax planning strategies do you commonly utilize for your savings
160 responses



INTERPRETATION:

- From the above table it is interpreted that the number of respondents are belong from the category of Tax-loss harvesting are 32.6%, number of respondents from the category of Retirement account contributions are 27.9%,number of respondents from the category of Charitable donations are 22.1%, number of respondents from the category of Capital gains management 11.2% , number of respondents from the category of Estate Planning are 5.8% and number of respondents from the category of others are 0.4%.

INFERENCE:

- Majority 32.6% of the respondents belong to the Tax-loss harvesting category.

Table indicating how effective do salaried employees find the tax planning strategies are minimizing tax liability by respondents

S.no	Minimizing tax liability	No of Respondents	Percentage analysis
1	Very effective	112	70%
2	Somewhat effective	30	18.8%
3	Neutral	14	8.8%
4	Somewhat ineffective	3	1.9%
5	Very ineffective	1	0.6%
	Total	160	100%

INTERPRETATION:

- From the above table it is interpreted that the number of respondents are belong the category of Very effective are 70%, number of respondents from the category of Somewhat effective are 18.8%, number of respondents from the category of Neutral are 8.8%, number of respondents from the category of Somewhat ineffective are 1.9%, number of respondents from the category of Very ineffective are 0.6%.

INFERENCE:

- Majority 70% of the respondents belong to the Very effective category.

FINDINGS

- Majority 35% of the respondents are aged between 30-40 years
- Majority 54.4% of the respondents are Male.
- Majority 65% of the respondents are Married.
- Majority 50.6% of the respondents belong to Government sector .
- Majority 94.4% of the respondents belong to the Income from salary category.
- Majority 38.7% of the respondents belong to the Annually category.
- 32.6% of the respondents belong to the category of Tax-loss harvesting.
- Majority 45% of the respondent belong to the Financial goal category.
- Majority 70% of the respondents belong to the Very effective category.

SUGGESTION:

- Tax planning with long term financial goal like Retirement planning helps in reducing tax liability.
- Consider investing in tax savings instruments like SPF/PPF/RPF,Mutual fund,Stock market and Insurance.
- The employees can donate money to reduce tax liability.
- Invest your money in tax free instrument and use Tax-loss harvesting to reduce tax liability.
- Atleast 10% of the salary amount should be invested in Tax free instrument .

CONCLUSION

The employees are willing to learn about various instrument which help in reducing the tax liability.The tax planning strategy plays an vital role in bending the tax rules and not breaking it. An efficient tax planning strategy help to reduce maximum liability for the employees.

REFERENCES

- 1.R.Yuvaraj (2022) has conducted research on a a study on financial planning for salaried employees and strategies for tax savings.
- 2.Dr. Mudholkar Gajanan Panditrao (2014) has conducted research on a critical study of income tax planning and management of employees.
- 3.Mrs. N.O.ANITHA(2012) has conducted research on a study on tax planning for salaried employees and strategies for tax saving scheme.
- 4.DR.Patcha bhujanga rao(2023) has conducted research on a study on tax planning strategies among the salaried people.
- 5.Blessy A.Varghese,(2019) has conducted research on a study on tax planning measures adopted by salaried class with special reference to chengannur

<https://www.policybazaar.com/income-tax/tax-saving-instruments>

<https://cleartax.in/s/medical-insurance>

<https://www.bankbazaar.com/saving-schemes/ppf-tax-benefits-and-features.html>