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Investment in Tax Saving Products: An Overview

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ABSTRACT:
An investment in tax saving product's s is an essential part of our Financial planning. efficient tax planning enables has to reduce our tax liability to the minimum. This is done by legitimately taking advantage of all tax exemptions, deductions rebates and allowances while ensuring that your investments Are in line with their long term goals . The popular tax saving instrument used to save tax and also to examine the amount saved by using that instrument. Over all Findings reveals that the most adopted tax saving instrument is life insurance policy, which got the first rank in study and the second most adopted tax saving instrument is Provident fund.

Keywords:Tax, tax saving instruments, tax planning, tax management, Tax evasion and tax avoidance.

I. INTRODUCTION:

In other words all arrangements by which the tax is saved by Ways and Means, which compile with the legal obligation and requirements and are not colourable devices or tactics to meet the letters off law but not the spirit behind this, would constitute tax planning. Tax planning should not be done with an intent to defraud the revenue, all transactions entered into buy an access could be legally correct, yet on the hold these transactions Maybe devised to defraud the revenue. All transactions in respects of tax planning must be in according with the true spirit of statute and should be correct in form and substance.

A.Tax evasion and tax avoidance :

Tax Evasion :

It refers to a situation where a person try to reduce his tax liabilityby Deliberately suppressing the income or buy inflating the expenditure showing the income lower than the actual income and resorting to various types of deliberate manipulations.

Tax avoidance:

The line off demarcation between tax planning and tax avoidance is very thin and blurred. There could be element of modified motive involved in the tax avoidance also. Any planning which through done strictlyAccording to legal requirements defeats the basic intention of the legislature behind the statute could be termed as instance of tax avoidance.

B: Tax planning excludes:

- Tax planning is not tax evasion. It involves sensible planning off your income sources and investments it is not tax evasion which is legal under Indian laws.
- Tax planning is not just putting money blindly into any 80 crore investment.
- Tax planning is not difficult. Tax planning is easy. It can be practiced by everyone iron with a very little time commitment as long as one is organized with their finances.

C:Types of Tax planning:

- Short and long range tax planning
- Permissive tax planning
- Purposive tax planning

D:Tax management

Tax management is an internal part of the tax planning. It takes necessary precautions to compile with the legal formalities to avail the tax exemptions or deductions, rebates or relief Azure contempt in the scheme of tax planning. Tax management plays a vital role incoming allowances, deductions and tax exceptions by compiling with the required condition.

II. THE POPULAR INVESTMENT OPTIONS:

- PPF (With post offices or banks) , statutory Provident fund(Directed and paid by the employees).
- Life insurance premium(With the LIC Or other private insurers)
- Unit linked insurance(UTI & mutual funds)
- Equity linked savings schemes
- National Savings certificates
- Infrastructure bonds
- Home loans

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III. TAX SAVING PRODUCTS OR INSTRUMENT

- Equity linked saving schemes
- Life and medical insurance plans
- Housing loan
- Public Provident fund
- National Savings certificate
- Term deposits and bonds

IV. RESEARCH METHODOLOGY:

Research methodology is a way to systematically solve the problem. The study of the research design is descriptive in nature because it throws light on relationship between age group and income level On tax savingamount.Research methodology for the present study is as follows:

- **Objectives of the study:**

The purpose of the study is to find out the most suitable tax saving instrument used to save tax and also to examine the amount saved by using that instrument.

- **Sample design:** the present study is based on convenience com stratified sampling. Three heads of occupation have been taken as a sample and two sub occupations have been identified from heads.
- **Sample unit:**

The scope of the tax includes the following areas

A) Business class
B) Service class
C) Others, like Commission agents

V. FINDINGS AND SUGGESTIONS:

- On the basis of this study, the respondents rank various saving instruments according to their priority of tax saving. The most adopted tax saving instrument is life insurance policy, which got the first rank in this study the second most adopted tax saving instrument is Provident fund. Further, the third choice is tax saving fixed deposits. After that Home or education loans, National Savings certificates , unit linked insurance plans unit linked insurance plan and equity linked saving schemes respectively. The instrument, which is least adopted, as tax saving instrument is infrastructure bonds, which got the 9th rank in this study.
- On an analysis of tax saving amount with various age groups, it is found that between the age groups of 20 to 30 and 60 to 70, the tax saving amount is less than ₹10000, which shows that saving is very low in young age and old age. Whereas, between the age group of 30 to 40, the tax saving amount increase is between 10,000 to 30,000. Further, the tax saving amount is between 70000 to ₹90000 of the age groups between 40 to 50 and 50 to 60, which shows the highest income saved of the study.
- On the analysis of tax saving amount with various income groups, it is found that with the income of less than 2 lacs rupees the tax saving amount is less than ₹10,000. Further, with the increase in income such as between 2 lacs to 5 lacs, 5 to 10 lacs and more than 10 lacs, the tax saving amount is between 70,000 to ₹90,000. Which means that the higher income, the higher savings.

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