

An Analysis of financial planning for salaried employees and strategies for tax saving.

Ms. Purva Savaliya¹, Mr. Vivek Ayre²

*Student, B. V. Patel Institute of Management, Uka Tarsadia University, Bardoli - Surat, Gujarat, India.
Teaching Assistant – BBA, Uka Tarsadia University, Bardoli- Surat Gujarat, India.*

Date of Submission: 28-03-2023

Date of Acceptance: 07-04-2023

ABSTRACT:

The word “Tax” is derived from the Latin word called “Taxove” and “Taxo” means to estimate, appreciation or value. The word Income Tax itself implies it is tax on earnings. It plays vital role in the national economy. Tax management is an activity conducted by the tax payer to reduce the tax liability and maximize the use of all available deductions, allowances, exclusions, as per income tax act 1961. The study on Tax planning measures adopted by salaried class aims at study the awareness of tax planning measures among the salaried class. The aim of this study is to awareness of tax planning measures among the salaried employees. The data is collected through a structured questionnaire from 100 randomly salaried persons. The questionnaire consists of multiple-choice questions and five-point Likert scale. The data in this research study has been analyzed through various statistical tools such as Mann-Whitney U-test, Chi-square test find out the Relationship between Investment avenues in portfolio for Male and Female Investors. The collected data are analyzed using statistical software like SPSS.

Key Words: Financial Planning and Tax Saving Strategies

I. INTRODUCTION:

Financial Planning is the process of estimating the capital required and determining its competition. It is the process of framing financial policies in relation to procurement, investment and administration of funds of an enterprise that a person goes through to find out where they are now (financially), determine where they want to be in the future, and what they are going to do to get there. It provides direction and meaning to persons financial decisions. It allows understanding of how each financial decision a person makes affects other areas of their finances.

The tax is also important for all the people. Tax is a fee charged by a government on a product, income or activity. There are two types of taxes – direct taxes and indirect taxes. If tax is levied directly on the income or wealth of a person, then it is a direct tax e.g., income-tax. If tax is levied on the price of a good or service, then it is called an indirect tax e.g., excise duty. In the case of indirect taxes, the person paying the tax passes on the incidence to another person. Taxes are considered to be the “cost of living in a society”. Taxes are levied by the Governments to meet the common welfare expenditure of the society. There are two types of taxes - direct taxes and indirect taxes.

II. LITERATURE REVIEW:

Saravanan (2017-18) have studied on Tax Saving Scheme and Tax Saving Instruments of Income Tax in India. The objective of this research was to study the planning of individual income tax. This Research was based on secondary data to obtained from various sources. Major finding of this Research study was the tax structure of a country plays key role in developing saving and investment habits among the tax payers. If the tax liability is lower, people have more disposable income which they can use for saving and investment.

Blessy A. Varghese on January (2019) have studied on tax Planning measures adopted by salaried class with special reference to Chengannur municipality, Alappuzha District. The objective of this research was to understand and evaluate tax planning measures being adopted by salaried class of the state. This Research was analyzed with the help of mathematical methods. Simple percentage method was used in analyzing the data.

Pankhuri Agarwal (15th November, 2020) have studied on Awareness of the Various Investment Options Available for Tax Planning.

The objective of this research was to study the tax planning among working women. This research was based on both primary and secondary data. The sampling method used by the researcher was convenience sampling method where 60 respondents were taken under consideration from Moradabad city. Major finding was that women of today's are aware about various investment schemes.

Radha Gupta (3rd December, 2012) have studied on Impact of Income Tax on Saving and Investment: A Case Study of Assesses in Jammu. The objective of this research was to evaluate their knowledge about the tax saving schemes. This research was based on both primary and secondary data. Major finding of this Research study was that if the tax liability is lower, people have more disposable income which they can use for saving and investment.

Varsha Singhania (9th September, 2021) have studied on Awareness of Investment in Tax Saving Products. The objective of this research was to know the respondent awareness on the Tax planning and Tax deductions. This research was based on both primary and secondary data. The sampling method used by the researcher was convenient random sampling method where 150 respondents were taken. Major finding of this Research study was that most of the people prefer investing in National Pension System and have awareness of Tax deductions & eligible for deductions under Sec 80 C and do tax planning.

Research Objectives:

- To study the financial planning for salaried employees and strategies for tax savings in Chennai.
- 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.

Research Methodology:

The problem statement for study is **an analysis of financial planning for salaried employees and strategies for tax saving**. A descriptive research design has been adopted to conduct this survey where data has been collected via structured questionnaire specifically designed for the purpose of analysis of financial planning for salaried employees and strategies for tax saving. The sample size was 100. The sampling method used was convenience sampling, a type of non-probability sampling. Frequency distribution, Kruskal Wallis test, Mann-Whitney U-test and Chi-square technique has been used to analyze data.

III. DATA ANALYSIS:

The above table illustrate that the 62 male respondents and 41 female respondents out of 103 respondents. 72 respondents for single and 31 for married respondents. Out of 103 respondents, the 11 respondents were work in a government sector job and 92 respondents were work in a private Sector job.

	Frequency				
	Gender		Marital status		Types of employment
Male	62	Single	72	Govt.	11
Female	41	Married	31	Pvt.	92
Total	103	Total	103	Total	103

Mann-Whitney Test: The study consists of an independent variable that consists of two categorical, independent groups in this study its gender and dependent variable as factors that results in Investment avenues in portfolio for Male and Female Investors. Mann-Whitney test has been used to evaluate whether there exists a difference in distribution of the grouping variable to those results

in Investment avenues in portfolio for Male and Female Investors. The statement of hypothesis is as follows:

H0: There is a no significant difference between in Investment avenues in portfolio for Male and Female Investors.

H1: There is a significant difference between Investment avenues in portfolio for Male and Female Investors.

Purpose for choosing the Investment avenues in related categories * Gender	Significance value
Mutual fund	0.010
FD/BOND	0.010
PPF Account	0.034
Pension fund	0.003
Stock & Equity share	0.004
Any other	0.012

The above table illustrates the significant value for various Investment avenues in portfolio and grouping variable is less than 0.05 which is the threshold value. Thus, the study fails to reject Alternative Hypothesis (H1). It can be said that there is significant difference between Investment avenues in portfolio for Male and Female Investors.

The next phase of the analysis consists of an independent variable that consists of two categorical, independent groups in this study its gender and dependent variable as factors that results in Investment avenues in portfolio for Male

and Female Investors. Mann-Whitney test has been used to evaluate whether there exists a difference in distribution of the grouping variable to those results in Investment avenues in portfolio for Male and Female Investors. The statement of hypothesis is as follows:

H0: There is a no significant difference between in Investment avenues in portfolio for Male and Female Investors.

H1: There is a significant difference between in Investment avenues in portfolio for Male and Female Investors.

Attitudes towards Financial Instruments	Significance value
Higher Return	0.752
Safety	0.562
Liquidity	0.863
Inflation	0.496
Appreciation	0.377
Risk covered	0.233
Regular Income	0.227
Expert Advice	0.576

The above table illustrates the significant value for various Investment avenues in portfolio and grouping variable is greater than 0.05 which is the threshold value. Thus, the study fails to reject Null Hypothesis (H0). It can be said that there is no significant difference between Investment avenues in portfolio for Male and Female Investors.

IV. CONCLUSION:

The investment pattern and factors including the salaried individual for their investment decisions and to awareness of tax saving strategies have been influencing the salaried individual for their investment decisions. It is understood that the performance has been given to tax benefit while investing and financial planning they use to take expert advice. While examining the investment pattern LIC, Bank deposits, etc. The study is also proving that there is a no single rule of

prefacing investment but as per the goals and objectives in salaried individual craft their decisions. according to the plan their tax saving strategies it also that good investment together with good tax planning requires multiple perspectives and impact of tax planning is our personal finance. Thus, 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. When the government has given a wide chance of investing money according to the assessee financial conditions. What required is knowledge of a few sections of the income tax act.

REFERENCE:

- [1]. **K. Saravanan and K Muthu Lakshmi (2017-18 & 2018-19):** "Tax Saving

- Scheme and Tax Saving Instruments of income tax in India”
- [2]. **Sanjeeb Kumar Dey (January 2016) article in journal of commerce and management thought:** “Awareness of Tax Saving Schemes among individual Assessee: Empirical evidence from twin city of Odisha”
- [3]. **Vipin Jain (November 2020):** “Awareness of the various investment options available for tax planning”
- [4]. **Dr. Radha Gupta (3rd December, 2012):** “Impact of income tax on saving and investment: A case study of assesses in Jammu”
- [5]. **P. Suchithra and C. Vidhya (3rd march, 2019):** A study on awareness of tax saving instruments of individual tax payers”
- [6]. **Varsha Singhania, student of Rishi UBR PG collage for women (September, 2021):** A study on awareness of investment in tax saving products”
- [7]. **Ms. Pooja Vinod, 2nd year m.com student, kristu Jayanti collage (Autonomous) Bengaluru, (2020):** “Investment in tax saving schemes”
- [8]. **Mariyah Ahmer Shaikh, Allana institute of management sciences, pune (31st July,2020):** “A study on financial planning for salaried employees and strategies for tax saving “
- [9]. **Laith Yousef Banihani, article in international journal of science and research (November,2020):** “A study of financial planning and investment of individual”
- [10]. **Kenga Dominic Shukrani and Abdulkadir Sheikh Ali Banafa (July,2022):** “Effect of investment portfolio choice on the financial performance of investment companies listed at the Nairobi securities exchange”
- [11]. **Rishi Vyas (2022):** “A study on financial planning of salaried employees in Mumbai” in International Journal of Health Sciences.
- [12]. **Uma Karthikeyan (October,2012):** “Awareness of tax planning – A study with special reference to government employees” at Madurai Kamaraj university.
- [13]. **Priya Prabhu Verlekar, research scholar in (2021):** “A study on tax planning measures adopted by the salaried class in goa”
- [14]. **Blessy A. Varghese (January,2019):** “A study on tax planning measures adopted by salaried class with special reference to Chengannur municipality, Alappuzha district”
- [15]. **Ashish Mishra (January, 2017):** “An evaluation of personal income tax structure in India, International Journal of current research, 9, (01), 45902-45905.
- [16]. **Thomas Tracy, research scholar in department of commerce, Shree Ramakrishna collage of arts & science, Coimbatore (2020):** “Goods and Services tax: A comparative analysis of indirect tax pattern in India and Nigeria” in European journal of molecular & clinical medicine.
- [17]. **Nishant Ghuge KCE’s institute of management & research, Jalgaon (2016):** “A comparative study of tax structure of india with respect to other countries”
- [18]. **Kinjal Bhagyesh Patel and Tejash Pujara (December,2019):** “Investment decision of salaried people from selected districts of Gujarat – with special reference to fixed deposits”
- [19]. **Anjali Tyagi, BBA – LLB (Hons), Alliance university Bengaluru:** “An analysis of Indian tax structure in india”