



## EVALUATION OF TAX SAVING INVESTMENT STRATEGIES AMONG SALARIED INDIVIDUALS

DR. AASHKA THAKKAR, ACADEMIC HEAD, MBA DEPARTMENT

POONAM JAGTAP, FINAL YEAR, MBA PROGRAMME

SURBHI JANGIR, FINAL YEAR, MBA PROGRAMME

PARUL UNIVERSITY, VADODARA, GUJARAT

### ABSTRACT

A sound financial plan accounts for all the variables that may impact your financial future, such as your current income, savings, expenditures, and anticipated future earnings. Because of this, you make an effort to match your savings and investment decisions to your long- and short-term financial goals. Financial planning is vital when it comes to tax savings. A person has to have a consistent savings rate since the financial markets are always changing between inflation and deflation. Without taking into account the effects of taxes, financial planning is insufficient. Effective tax planning may allow us to minimize our tax burden. using all tax breaks, allowances, returns, and exemptions while ensuring that your investments are in line with your long-term goals is the method to make this happen.

The researcher evaluated salaried individuals' financial planning and tax-saving techniques. The study was carried out in the Gujarat. Other goals of the study include determining the best and most popular tax-saving strategy and calculating the amount of money saved as a consequence of its use.

**Keywords:** *Financial planning, Tax saving strategy, Tax planning, Tax saving instruments.*

### INTRODUCTION OF THE STUDY

#### TAX ON INCOME:

Direct taxes on citizens' income are permissible for certain governments. The Income Tax Act of 1961 stipulates that the federal government must levy and collect this tax. Union Budget tax rates and income thresholds are subject to change annually.

Money earned isn't limited to pay checks when discussing sources of income. Income from investments, salaries, bonuses, capital gains, and "other sources" are all considered part of this category. When calculating an individual's taxable income, the government often lets them deduct certain expenses.

Income taxation in India is governed by the Income-tax Act of 1961. Herein this book, The Act is the legal term for this document.

On April 1, 1962, it came into force over the whole of India.

This document consists of Sections 1-298 and Schedules I-XIV.

Inside of a section, you may have subsections, clauses, and sub clauses.

When the subsections of a section are mutually exclusive and stand on their own, we say that the subsections form a "Clause." However, a "sub section" is a part of a section where each element is related to the others and where the idea conveyed in that section is complete when all the sub sections are considered together.

### **Budget Law:**

Every year, during the Budget Session of Parliament, the Finance Minister of the Government of India presents the Finance Bill to the body. After receiving approval from the House of Commons and the Senate and signing by the President, the Finance Bill becomes law.

Every year, the Finance Act makes changes to the Income-tax Act of 1961 and other tax laws.

The tax rates are specified in four subsections of the First Schedule to the Finance Act:

Part I of the First Schedule to the Finance Act contains the current tax rates that are in effect for the Assessment Year. Part I of the First Schedule to the Finance Act, 2020 details the tax rates for the 2020-21 fiscal year.

## **LITERATURE REVIEW**

### **What do salaried persons like GS, Sumesh think about their tax-planning options? (2020)**

You need to be familiar with the Income Tax Act and the Union Ministry's yearly budget in order to take advantage of these provisions. Since this is the case, a survey of salaried workers is being conducted to learn their thoughts on tax avoidance strategies. Using a number of statistical methods, this research Analyzes and presents answers from salaried employees in the Kottayam taluk in order to draw conclusions about their attitudes and behaviours.

### **Investment Strategies for Tax Savings in Aurangabad City (2020) by Siddharth Dhongre and Vilas Esper.**

The purpose of this research is to get a better understanding of how wage earners manage their assets to minimize their taxable income. This study looks at how salaried individuals invest their money and how they minimize their tax liability. The next most common combinations of tax-saving mechanisms were PPF (Public Provident Fund), LIC (Life Insurance Corporation), house loans, National Savings Certificates (NSCs), and children's education.

**Fixed-income investments like ELSS and CDs have similarities.** Salary workers' decision-making: a look at the data (by Ali Medes, Asif Jeelani Khan, and the relationship between money and (2020). A person's capacity to invest in financial assets is crucial to their long-term financial success. In order to take advantage of the potential returns and tax advantages of financial assets, as well as the needed

proportion of income put aside under programs like SIPs (Systematic Investment Plans), an individual must save regularly. Financial assets are advantageous because they may be acquired without spending a substantial sum of money immediately, unlike the purchase of a material commodity. However, the salaried class in Jammu and Kashmir is wary of financial investments due to the possibility of lower returns.

## **PROBLEM STATEMENT**

Having a life insurance policy, an emergency fund, and some investments may help you reach your financial goals, but financial planning is more than simply those three things put together. If you have these items, you may feel more certain and relaxed. Furthermore, studies have shown that good financial habits are supported by preparing ahead.

Even in a society where everything is measured in terms of money, financial planning is an essential aspect of everyone's way of life. Humans have a limited working lifespan when compared to the rest of their lives. This suggests that retirees will keep living for about the same amount of time they did before they retired. Therefore, in order to keep up one's quality of living while working, one must save money away and make investments in both a comfortable lifestyle and a fulfilling career.

## **OBJECTIVES OF THE STUDY**

Learn the strategies used by those on a regular income to secure their financial destiny.

Inform the working class of this development.

The ways in which wage earners put away and grow their money,

In order to grasp why paying taxes is so crucial, To have a better understanding of how well-paid workers put their money down for the future.

Acknowledge the importance of tax planning.

## **RESEARCH METHODOLOGY**

### **Methods for data collection**

Primary Information

Secondary Information

### **Primary Information**

A questionnaire was used to collect primary data.

### **Secondary Information**

Secondary data was gathered from Books Journals Magazines Web's logistics etc.

### **Sampling**

convenient sampling method is used for the study, The convenience sampling technique is a non-probability approach.

### Sample size

The big samples provide more trustworthy findings than small samples, owing to time and financial constraints. Here only 100 samples are taken in consideration.

### Analytical strategy

Graphs and charts are used to depict diagrams.

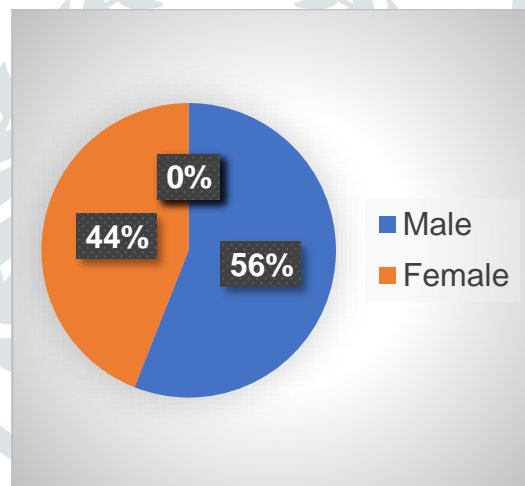
Following the use of the relevant statistical methods, logistical conclusions will be formed.

Findings and recommendations will be provided to make the research more helpful.

## DATA ANALYSIS AND INTERPRETATION

### 1. Gender

Category	Respondents	Percentage
Male	56	56%
Female	44	44%



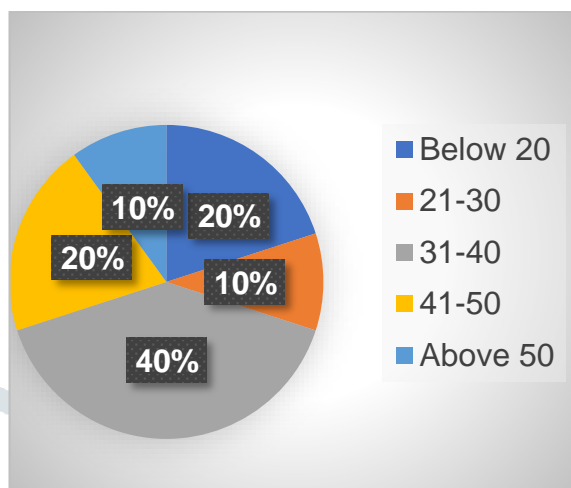
Interpretation:

It turns out that the numbers show that 56% of the sample are male and 44% are female. This would indicate that more attracts about an equal amount of male and female customers.

### 2. Age

Category	Respondents	Percentage
Below 20	20	20%
21-30	10	10%
31-40	40	40%

41-50	20	20%
Above 50	10	10%
<b>GrandTotal</b>	<b>100</b>	<b>100%</b>



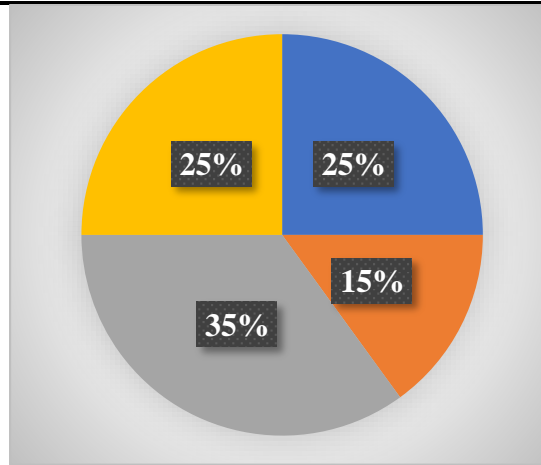
Interpretation:

A large majority of people responded.

Below 20=20%, 10%= 21-30, 40% =31-40, 20%=41-50, 10% Above 50

### 3.Income Detail

Categories	Respondents	Percentage
Below 5 lakhs	25	25%
Between Rs. 5 lakh and Rs. 7.5 lakh	15	15%
Between Rs. 7.5 lakh and Rs. 15 lakhs	35	35%
Between rs.15 lakh and Rs.20 lakh	25	25%

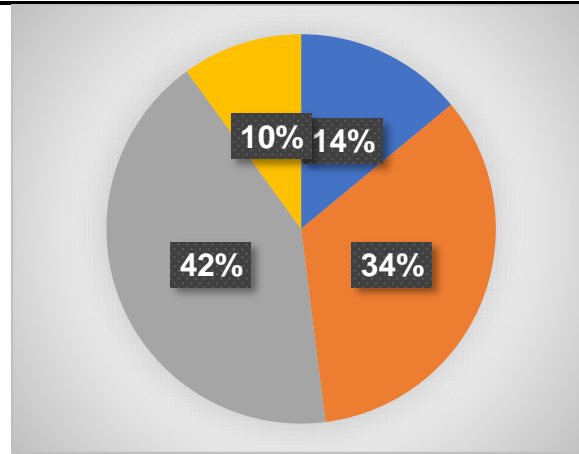


Interpretation:

A sample of 100 people had an average income of 25% below the poverty line, 15% between the 5 and 7.5 lakh rupee range, 35% between the 7.5 and 15 lakh rupee range, and 25% between the 15 and 20 lakh rupee range.

4. What percentage of your monthly salary do you save?

Category	Respondents	Percentage
Less than 20%	14	14%
Between 20% to 35%	34	34%
Between 35% to 50%	42	42%
Over 50%	10	10%

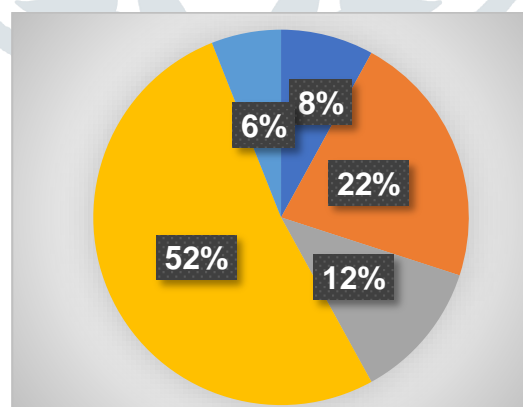


### Interpretation

Table clearly shows that 14% of respondents go under the 20% threshold, 34% fall between 20% and 35%, 42% fall between 35% and 50%, and 10% fall beyond that threshold.

### 5. What are the main objective factors of investment?

Attributes	No.of respondents	Percentage(%)
Strongly Agree	8	8%
Agree	22	22%
Agree nor disagree	12	12%
Disagree	52	52%
Strongly Disagree	6	6%

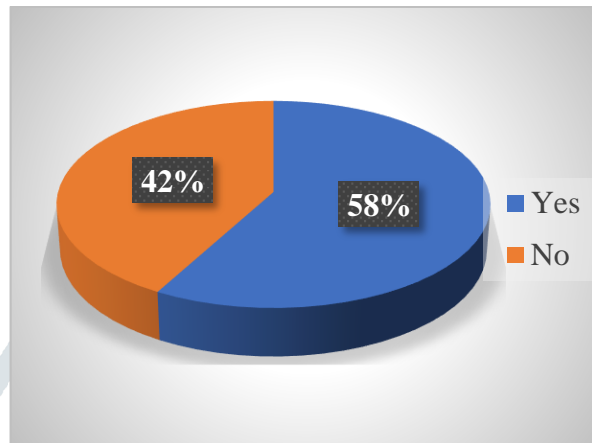


### Interpretation

As can be seen, just 8% of respondents strongly agree, 22% strongly agree, 12% agree but do not disagree, 52% disagree, and 6% strongly disagree.

6. Are you doing tax planning at the beginning of every year?

Category	Respondents	Percentage
Yes	58	58%
No	42	42%



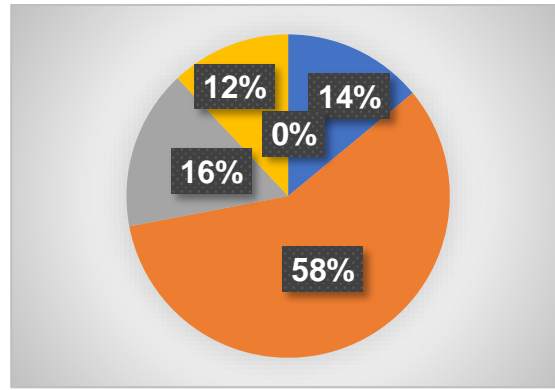
Interpretation:

The above table shows that 58% of respondents do you find social media campaigns in building the Amul brand, while 42% disagree.

7. Time horizon of your investments

Attributes	No. of respondents	Percentage(%)
Long-term (More than 10 yrs.)	14	14%
Medium-term (More than 5 yrs.)	58	58%
Short-term (More than 1 yr.)	16	16%
Very short-term (Less than 1 yr.)	12	12%
As per convenience	0	0%



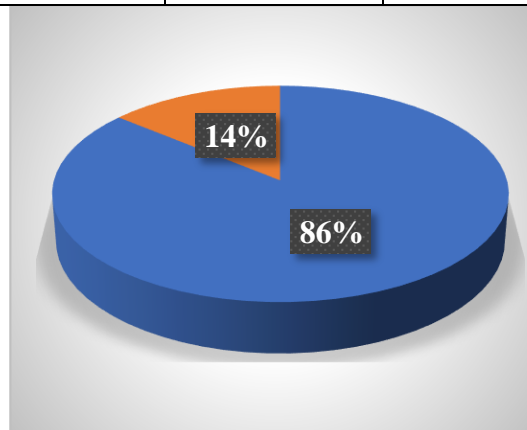


### Interpretation

According to our sample, 14% of respondents had long-term goals (more than ten years), 58% had medium-term goals (more than five years), 16% had short-term goals (more than one year), and 12% had very short-term goals (Less than 1 yr.). 0% For convenience's sake.

### 8. Do you have an emergency fund?

Category	Respondents	Percentage
No, I do not have an emergency fund	86	86%
Yes, I have an adequate emergency fund	14	14%

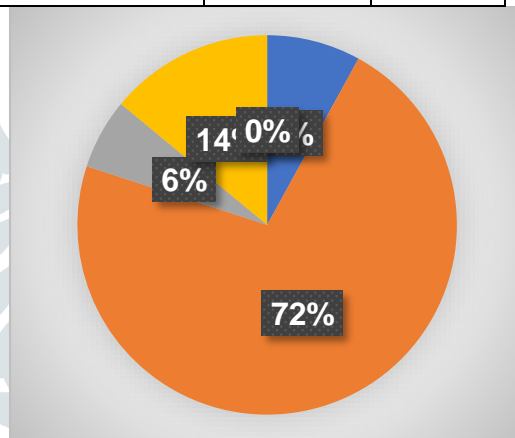


Interpretation:

The table above reveals that 86% of survey participants No, I don't have an emergency fund, yet 14% of people do. I do, in fact, have a sizable emergency fund.

9. Whose advice do you take while investing?

Attributes	No.of respondents	Percent age(%)
Spouse/family members	8	8%
Friends/colleagues	72	72%
Company Agents	6	6%
Financial advisors	14	14%
Self-decision	0	0%



Interpretation

The statistics shown above reveals that just 8% of spouses and family members. 72% of respondents identify as friends or co-workers, 6% as company agents, and 14% as financial advisers. Self-decision is lacking.

## **LIMITATIONS OF THE STUDY**

**In conclusion, the most important pillars of successful investing are as follows:**

Consistently save

Make frequent investments

Get a head start

Diversify

Utilize a tax haven

**Monitoring investments on a regular basis and making adjustments as necessary**

Make sure all records are complete and filed away for easy access. Documentation relating to the investment must be shown as proof at the time of maturity. However, many investors end up with nothing to show for their investment when the term is over. It is important to have all disclosure papers on available if there is a chance of a dispute arising from the settlement. Distributors of financial products like ICICI SECURITIES, TATA Mutual Fund, and Reliance Money now have a greater opportunity to educate their clients on personal finance and tax planning. In order to attract new clients, businesses sometimes provide seminars and workshops where attendees learn about the company's offerings. Therefore, the target market and the company may both benefit from this strategy. It is important to advocate for systematic investment plans (SIPs). Small, consistent investments might add up to a sizable amount over time. A systematic investment plan (SIP) may be set up to automatically invest a certain amount of money at regular intervals, in lower transaction fees and more convenience for the investor.

**CONCLUSION/SUGGESTIONS**

Mutual funds might potentially better serve their customers by giving them more options when it comes to working with brokers, including online and traditional investment channels. An investor may be well to get in touch with the fund directly to help with their financial planning. Before making a selection, an investor who has sought assistance from an advisor should learn as much as possible about the product from as many different sources as feasible. It will help you choose an honest financial advisor and wisely allocate your investment capital. The advisor's level of competence is also important. Therefore, the responsibility for making a prudent investment decision lies entirely with the investor.

It is crucial to plan for the near, intermediate, and distant future. When budgeting, it's important to think about the duration of the goal. The appropriate tools for studying a certain era may be found among the many options. If an investment is producing a consistent return or is maturing soon, it should be reinvested. As such, financial advisors owe it to their customers to make clear that the planning process is on going. There should be frequent meetings between the financial adviser and customer to review the portfolio. Many modern planners are falling short in this regard. Providers of financial services should understand the need of persistent follow-up.

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