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International Journal of Research Publication and Reviews
Journal homepage: www.ijrpr.com ISSN 2582-7421

A STUDY ON "FINANCIAL PLANNING FOR SALARIED EMPLOYEE AND STRATEGIES FOR TAX SAVINGS"

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ABSTRACT

A financial plan is something that you create after considering your current income, savings, expenses, future earnings, insurance if any, financial goals, and a vision for your future life. You then try to choose savings and investment options accordingly so that you can meet your long-term and short-term financial goals at various stages in your lives. Financial planning is important when it comes to saving taxes. The word "Tax" is derived from the Latin word called Taxove and Taxo means to estimate, appreciate, or value. The word Income Tax itself implies it is a tax on earnings. It is imperative for an individual as it helps in maintaining a steady savings percentage even when the financial markets are constantly being played between inflation and fluctuation. Tax planning is an essential part of financial planning. Efficient tax planning enables us 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 researcher had surveyed to find out the financial planning as well as for tax saving of the salaried individuals. The survey was done within the region of Chennai, Tamil Nadu for the period of 16 months (January 2020 to April 2021). The purpose of the study is also to find out the most suitable and popular tax-saving instrument used to save tax and also to examine the amount saved by using that instrument.

Keywords: Financial Planning, Tax Planning, Tax Payer, Income

1. INTRODUCTION

The term Income tax was first introduced in India on 31st July 1860 by the British Government for five years to overcome the financial difficulties experienced by the Government. The act imposing the tax was modeled on the English Act. This act was revived in 1867 in the form of "License Tax" that tax is imposed on trades and professions based on annual income. This license tax was replaced by "Certificate Tax" in the year 1868.

In year 1886 a new Act was passed whose basic scheme has been preserved in all subsequent enactments. This act on Income Tax imposed a tax on income at a flat rate and the Agriculture income was excluded.

During the First World War, the expenditure of the Government has increased, and hence graduated scale of Income Tax was introduced in 1916.In 1918, a new Income Tax Act was passed repealing all previous acts. It brought about drastic changes in the manner of computation of income and levy of tax. Income from all sources was to be aggregated and the tax was levied on the aggregate income in the year itself. This act remained in force up to the year1922. Many defects were noticed in the practice of this act. So, it was felt necessary to amend the act.

The Government of India appointed the All India Tax Enquiry Committee (AITEC) to suggest suitable remedies for improving and effective implementation of the act.on the recommendations of the committee, the act of 1918 was replaced by the Income Tax Act of 1922 which remained in force for forty years. Under this act administration of Income Tax was vested in the hands of the Central Government. This act was modeled on the lines of the British Income Tax act. It introduced changes in the method of assessment and collection of taxes. It is provided that the assessment of tax would be determined by the Finance Act, which would be passed by the parliament before 31st March every year instead of being fixed by the Income Tax Act. Apart from that, as a result of this Act, the Central Board of Revenue [CBR] was established in 1924.

The Income Tax Act 1922 was materially revived by the Income Tax (Amendment) Act, 1939. This act was passed based on the recommendations of the Income Tax committee. The classification of residential status into resident, Not -ordinarily resident, non-resident was introduced only by this Amendment Act. The scheme of "Advance payment of Tax" was introduced by the Income Tax (Amendment) Act, 1944. In 1948 the scheme of provisional assessment was introduced.

To simplify the Act of 1922 which become complicated as a result of too many amendments between 1939 and 1956, the law commission was appointed in 1956. Apart from that, the Government of India invited Professor Nicholas Kaldor, a distinguished professor

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International Journal of Research Publication and Reviews
Journal homepage: www.ijrpr.com ISSN 2582-7421

of economics at Cambridge University to review the existing Indian Income Tax system. After reviving the structure a report called "The Indian Tax Reforms" in 1957.His report paved the way for the introduction of an annual wealth act, capital gain tax, etc, to minimize the inconveniences caused by the assesses the Direct Taxes Administrative Enquiry Committee was set up in 1958 under the chairmanship of Mahabir Tyagi.

The present law of income tax is contained in the income tax year 1961 as amended up to date almost every year. This act contains nearly sections. The provisions regarding computation of total income, the procedure for assessment, appeal, penalties, prosecution, refund powers of Income Tax authorities, etc. are governed by this Act. Every year the parliament passes a finance act. This finance act introduces amendments to direct tax laws. The rates of income tax for a current assessment year, rates for deduction of tax at source and advance payment tax for the said financial year are fixed by this Finance Act.

2. REVIEW OF LITERATURE

Financial literacy is a basic knowledge that people need to survive in modern society. People should know and understand credit card and mortgage interest, insurance, and saving and investing for the future. Garman &Forgue (2000) define financial literacy as knowing the facts and vocabulary necessary to manage one's finances successfully. Knowing personal financial management and the marketplace is indicative of a greater ability to manage the family's financial resources (Godwin, 1994). People are more likely to achieve their financial goals with appropriate knowledge. Lack of personal financial knowledge limits personal financial management and may cause financial problems, resulting in lower financial well-being.

Recent surveys show many Americans lack basic financial knowledge. A 1994 Merrill Lynch survey of financial literacy revealed that many Americans did not understand the basic financial concepts and economic data. Less than one-fifth of all respondents passed the test. A 1996 study by the Investor Protection Trust found that only 18% of the investors surveyed were truly literate about financial topics on investing. Most did not know basic financial terms nor were they familiar with the performances of different investments. Only 38%t of surveyed investors knew that when interest rates go up the prices of bonds usually go down ("The Facts on Saving and Investing", 1998) 14

Another survey by the National Association of Securities Dealers Inc. on investors' financial literacy found that while 63% of Americans know the difference between a halfback and a quarterback, only 14 % can tell the difference between a growth stock and an income stock. While 78% of Americans can name a character on a television sitcom, only 12% know the difference between a load and a no-load fund (National Association of Securities Dealers, 1997).

A 1997 survey by John Hancock Mutual Life Insurance found that 50 % of respondents thought money-market funds invest in stocks and bonds, that 40 % were not aware that a balanced fund invests in both stocks and bonds, and that only a quarter knew bond prices move inversely to interest rates (Glass, 1998).

In 1997, "Money" magazine and the Vanguard Group surveyed the investment knowledge of 1,555 mutual fund investors and found that the mean score on a 22-item test was 51% ("Mutual Fund Literacy Test," 1997). Only 20 % of investors could answer 70% of the questions on the test. The 1996 Retirement Confidence Survey found that the majority of American workers have a piece of limited financing knowledge regarding issues important in planning and saving for retirement. Only one-third of workers had a high degree of financial knowledge, while 55% had a moderate level, and 11% had low knowledge levels ("Mutual fund...", 1997).

Young adults were surveyed by the Jumpstart Coalition for Personal Financial Literacy which administered a test on personal finance knowledge to 1509 high school seniors across the country (Jumpstart, 1998). The survey probed the high school seniors' knowledge of credit use, saving and investing, budgeting, taxes, insurance, inflation, and retirement issues. The average score on the test was 57.3%, with only 10% of the seniors 15 getting a C or better, indicating that young adults graduate from high school with little personal finance knowledge. There was a relationship between not knowing about personal finances and having financial problems, such as being targets of investment fraud; being delinquent on credit cards; and bankruptcy (Jumpstart, 1998). Survey results showed that states with high numbers of adults declaring personal bankruptcy also had high numbers of 12th graders who scored poorly when tested on personal finance subjects. Georgia, Alabama, Mississippi, and Tennessee, where the annual rate of personal bankruptcy filings was the highest per household, were among the seven states with the lowest mean score on tests (Jumpstart, 1998).

Chen and Volpe (1998) studied the financial knowledge level of college students. They found that participants (n=924) got 53% of questions correct. Students with a low knowledge level tended to have wrong opinions and made incorrect decisions.

NationsBank and the Consumer Federation of America supported a telephone interview survey with a representative sample of 1,770 households nationwide on their financial goals, financial strategy, and basic knowledge about important financial matters. Among 1,533 savers, only 8% of respondents got at least three-quarters of the 14-question test of knowledge correct. Sixty-one percent got fewer

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International Journal of Research Publication and Reviews
Journal homepage: www.ijrpr.com ISSN 2582-7421

than half of the questions correct, and the average score was only 42%. Those with higher knowledge scores had higher saving levels than those with lower scores (Princeton Survey Research Associates, 1997).

Another survey by Princeton Survey Research Associates in 1999 studied knowledge about consumer rights and regulations and investment issues. Forty-two percent thought that loan payments could not be deducted from the homeowner's paycheck and 15% were not sure, while 43% answered correctly. Based on four questions, 64% of 16 respondents were described as having some knowledge or little or no knowledge about investments.

3. RESEARCH METHODOLOGY

It deals with the definition of Research Problem, Research Design, Methods of Data Collection, Sampling Design, and Interpretation of Data. The study involves descriptive research. Descriptive type of research was used to describe all things that come under.

Research Design: The area of study for this research is confined to Chennai alone. The period of this study was January 2020 to April 2021. The design of the study is descriptive in nature as it accurately describes a situation with its associated variables. The sample size chosen from the study is 221 samples (secondary data) and they were selected using a random sampling method.

Research Objective:

- To study the financial planning for salaried employees and strategies for tax savings in Chennai.
- To find the Income and Savings of the salaried employee in Chennai.
- To find out Tax-saving strategies adopted bya salaried employee.
- To study the influence of financial planning and strategies of tax savings on various demographic factors.

Data Collection Method/Source of Data: The secondary data are collected from articles published on various websites (desk research).The data going to collect through secondary sources, which was from Google.

Secondary Data: Secondary data means data that are already available i.e., the data which is already collected and analyzed by others. To get a better understanding and to have a larger exposure to the subject this method will use. Methods used were data available on the World Wide, Web, articles in the newspaper, financial industry reports, financial planning board of India reports and articles, reports published by the government of India.

Population: Target Population is salaried employees

Sample Size: 221 Samples

Sampling Design: Data has been presented with the help of Graph, Figures, Tables

Area of Research: Chennai, Tamil Nadu

Limitation of the study:

- The analysis of the present study has been carried out based on the information has collected from salaried employees.
- The study is an opinion survey; caution may have to be exercised while extending the result to other areas.
- Due to time constrict limited numbers of data were collected.
- The result fully depends on the information taken by the Secondary data which may be base.

4. DATA ANALYSIS AND INTERPRETATION

The Variables on demographic profiles which portaged were analyzed in table 1 to 14

Table 1: Frequency Analysis for Gender of the respondents

SR. NO	GENDER	FREQUENCY	PERCENTAGE
1	Male	121	54.7
2	Female	100	45.3
	TOTAL	**221**	**100**

SOURCES: Secondary Data

Inferences: The Table indicates that 54.7% of respondents are male & 45.3% of respondents are female. Therefore majority is male 121 people are responded to the questionnaire respectively.

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Table 2: Frequency Analysis for Age of the respondents

SR. NO	AGE	FREQUENCY	PERCENTAGE
1	19-35	42	19
2	36-45	94	43
3	46-55	58	26
4	Over 55	27	12
	TOTAL	221	100

SOURCES: Secondary Data

Inferences: Table indicate that 51.1% of respondents are majority 19-35 age group, 26.2% of respondents are 36-45 age group, 14.9% of the respondents are 46 – 55 age group and 4.1% of respondents are below 18 age group and over 55 age group people are 3.6% of respondents. Therefore the majority of respondents are 19-35 age group people have responded to the questionnaire and least is above 55 age group people.

Table 3: Frequency Analysis for Income of the respondents

SR. NO	INCOME	FREQUENCY	PERCENTAGE
1	Below Rs.5 Lakh	53	24
2	Between Rs. 5 Lakh to Rs. 7.5 Lakh	98	44.3
3	Between Rs. 7.5 Lakh to Rs.10 Lakh	37	16.7
4	Between Rs. 10 Lakh to Rs. 15 Lakh	22	10
5	Between Rs.15 Lakh to Rs.20 Lakh	6	2.7
6	Above Rs. 20 Lakh	5	2.3
	TOTAL	221	100

Source: Secondary data

Inference: Table indicates that 24%, 44.3%, 16.7%, 10%, 2.7%, 2.3% of the respondents earn income Below Rs 5 Lakh, Between Rs 5 Lakh to Rs 7 Lakh, Between Rs. 7.5 Lakh to Rs. 10 Lakh, Between Rs. 10 Lakh to Rs. 15 Lakh, Between Rs. 15 Lakh to Rs. 20 Lakh Above Rs. 20 Lakh. Therefore 98 of the respondent's income is Between Rs 5 Lakh to Rs. 7.5 Lakh is the majority of earning income and 5 respondents are low earning above Rs. 20 Lakh respectively.

Table 4: Frequency Analysis for Monthly Savings of the respondents

SR.NO	SAVINGS	FREQUENCY	PERCENTAGE
1	Less than 20%	115	52
2	Between 20 to 35%	73	33
3	Between 35 to 50%	20	9
4	Over 50%	13	5.9
	TOTAL	221	100

Source: Secondary data

Inference: Table indicates monthly salary saving 52% of respondents are Less than 20%, 33% of respondents are Between 20% to50%, 9% of respondents are Between 35% to 50%, 5.9% of respondents are over 50%. Therefore 115 respondents are majority saving Less than 20%, 13 respondents are low saving over 50% respectively.

Table 5: Frequency Analysis for Repay Loans of the respondents

SR. NO	REPAY LOAN	FREQUENCY	PERCENTAGE
1	Nil	25	11.3
2	Less than 20 %	87	39.3
3	Between 20 to 35 %	85	38.5
4	Between 35 to 50 %	17	7.7
5	Over 50 %	7	3.2
	TOTAL	221	100

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Source: Secondary data

Inference: Monthly salary 11.3% of respondents are Nil not taken a loan, 39.3% of respondents are Less than 20%, 38.5% of respondents are between 20% to 35%, 7.7% of respondents are Between 35% to 50%, 3.2% respondents are Over 50%. Therefore 87 respondents area majority of repaying loans less than 20% and over 7 respondents are low respectively.

Table 6: Frequency Analysis for Objectives of Investment in Financial Planning of the respondents

OBJECTIVE FACTORS OF INVESTMENT	STRONGLY AGREE	AGREE	AGREE NOR DISAGREE	DISAGREE	STRONGLY DISAGREE	TOTAL
Higher return	14	64	59	32	52	221
Safety	7	56	81	48	29	221
Liquidity	13	37	82	62	27	221
Tax Benefits	12	29	46	55	79	221
Inflation	17	35	83	68	18	221
Appreciation	45	79	56	22	19	221
Risk Cover	17	59	74	41	30	221
Age Needs	23	17	41	57	83	221
Experts Advice	30	35	22	75	59	221
Past Experiences	25	43	56	65	32	221
FREQUENCY	203	454	600	525	428	2210
PERCENTAGE	9.1	20.5	27.1	23.8	19.4	100

Source: Secondary data

Inference: table indicates an objective factor of investment, 64 respondents are the main factor to investing is Higher return, 81 respondents are marked as Safety, 82 respondents are marked as Liquidity 79 respondents are marked as a Tax benefit, 83 respondents are marked as Inflation, 79 respondents are marked as Appreciation, 74 respondents are marked as Risk covered, 83 respondents are aged needs, 75 respondents are marked as Experts advice. Therefore 83 respondents are majority marked asAge needs and Inflation. 65 respondents are least in experience respectively.

Table 7: Frequency Analysis for Emergency Fund of the respondents

SR. NO	EMERGENCY FUND	FREQUENCY	PERCENTAGE
1	No, I do not have an emergency fund	97	43.9
2	I Have an emergency fund, but it's less than six months after-tax income	81	36.6
3	Yes, I have an adequate emergency fund	43	19.5
	TOTAL	221	100

Sources: Secondary Data

Inference: The Table indicates emergency funds, 43.9% of respondents do not have an emergency fund, 36.6% of respondents have an emergency fund. Therefore 97 respondents majority do not have an emergency fund respectively.

Table 8: Frequency Analysis for Income Taxable of the respondent

SR, NO	INCOME TAXABLE	FREQUENCY	PERCENTAGE
1	Income From Salary	78	35.3
2	Income From House Property	56	25.3
3	Profit and Gains of Business Profession	32	14.5
4	Capital Gain	17	7.7
5	Income From Other Sources	38	17.2
	TOTAL	221	100

Sources: Secondary Data

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Inference: Figure indicates in which heads of income become taxable, 35.3% of respondents are marked as Income from salary, 25.3% of respondents are marked as income from house property, Therefore 78 respondents are majority marked as income from salary, 17 respondents are least marked as capital gains respectively.

Table 9: Frequency Analysis for Tax planning Strategies of the respondents

SR. NO	SATISFACTION OF TAX PLANNING STRATEGIES	FREQUENCY	PERCENTAGE
1	Not satisfied	48	21.7
2	Slightly Satisfied	103	46.6
3	Moderate Satisfied	53	24
4	Highly Satisfied	17	7.7
	TOTAL	221	100

Source: Secondary data

Inference: The Table indicates satisfaction with current tax planning strategies, 46.6% of respondents are majority slightly satisfied by their strategies, 7.7% of respondents are least satisfied by their current strategies respectively.

Table 10: Frequency Analysis for Deductions exempted of the respondents

SR. NO	AWARENESS OF DEDUCTION EXEMPTED	FREQUENCY	PERCENTAGE
1	**Yes**	129	58.4
2	**No**	92	41.6
	TOTAL	221	100

Source: Secondary data

Inference: The Table indicates the awareness of deduction exempted, 58.4% of respondents are awareof deduction exempted, 41.6%of respondents are not aware of deduction exempted respectively.

Table 10.1: Frequency Analysis for Exemptions of the respondents

SR. NO	EXEMPTIONS	FREQUENCY	PERCENTAGE
1	Insurance Premium	32	24.8
2	Payment to Pension Scheme	12	9.3
3	Medical Insurance Premium	38	29.4
4	Educational Loan Repayment	24	18.6
5	Donations	6	4.7
6	Investment in Mutual Funds ELSS	17	13.2
	TOTAL	129	100

Source: Secondary data

Inference: Table indicates the tax exemptions, 29.4% of respondents applying for Medical insurance premium, 4.7% of respondents are least apply of Donations respectively.

Table 11: Frequency Analysis for Tax Savings Instruments of the respondents

SR. NO	INSTRUMENTS	STRONG	HIGH	NEUTRAL	LOW	VERY LOW	TOTAL
1	PPF/EPF	52	78	70	10	11	221
2	LIC	27	72	97	21	4	221
3	HL INTEREST/PRINCIPAL	51	21	102	38	9	221
4	FIXED DEPOSIT	27	89	50	40	15	221
5	NPS	53	88	43	27	10	221
6	NSC	75	26	53	45	22	221
7	DONATION	26	47	46	96	6	221
8	ELSS	46	86	30	49	10	221
	FREQUENCY	357	507	491	326	87	1768
	PERCENTAGE	20.2	28.7	27.8	18.4	4.9	100

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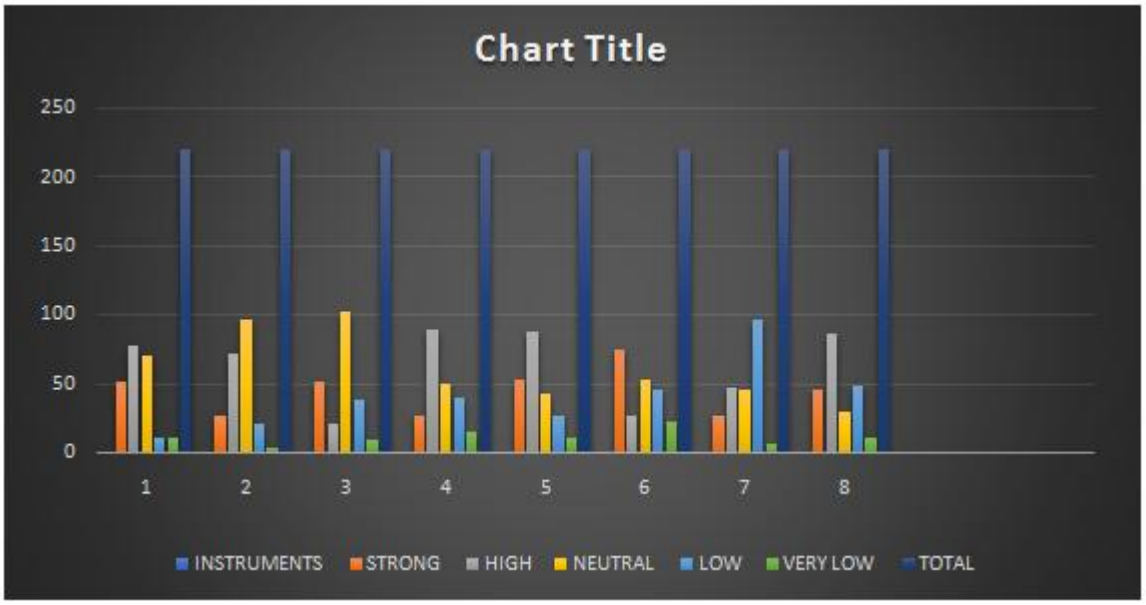
Sources: Secondary Data



Inference: Table indicates the instruments of tax savings, 102 respondents are majority neutral deposit in HL Interest/ Principal, 75respondents are the least deposit in NSC but they have marked strong as well as for NSC respectively.

5. CORRELATIONS COEFFICIENT

Hypothesis

Null Hypothesis (H0) – There is no significant difference between Income Earnings and Monthly salary savings

Alternative Hypothesis (H1) – There is a significant difference between Income Earnings and Monthly salary savings.

Table 12: Table showing the associate between Yearly Income Earned and Monthly salary saving

Correlations			
		Income Details	**Percentage of your Monthly Salary do you save**
Income Details	**Pearson Correlation**	1	.058
	Sig(2-tailed)	-	.387
	N	221	221
Percentage of your Monthly Salary do you save	**Pearson Correlation**	.058	1
	Sig(2-tailed)	.387	-
	N	221	221

Inference: The value of the Correlation coefficient (r) is .058. As the two variables were put into Pearson correlation, we infer the Pearson correlation value to be 0.58 which is greater than 0.5 and hence there is a significant relationship between Income Earnings and Salary savings from financial planning and tax savings and thus 27 accept the null hypothesis and reject the alternative hypothesis.

Oneway Anova

Hypothesis

Null Hypothesis (H0) – There is a significant difference between an objective factor of investment and the salaried employee paying more tax than businessmen

Alternative Hypothesis (H1) – There is a significant difference between an objective factor of investment and the salaried employee paying more tax than businessmen

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Table 13: Table showing the association between an objective factor of investment and the salaried employee paying more than a businessman

Descriptive								
Main Objectives factors of Investment								
	N	Mean	Std Deviation	Std Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Higher Bound		
Higher Return	52	2.42	1.419	.197	2.03	2.82	1	5
Safety	64	1.89	1.183	.148	1.60	2.19	1	5
Liquidity	59	2.00	1.218	.159	1.68	2.32	1	4
Tax Benefits	32	2.31	1.424	.252	1.80	2.83	1	5
Inflation	14	2.21	1.369	.366	1.42	3.00	1	4
Total	221	2.13	1.305	.088	1.95	2.30	1	5

ANOVA					
Salaried people are paying more income tax than the businessman					
	Sums of Squares	Df	Mean Square	f	Sig.
Between Groups	10.294	5	2.573	1,526	.196
Within Groups	364.159	216	1.686		
Total	374.452	221			

Salaried people are paying more income tax than the businessman		
Duncan		
Main objectives factors of investment	N	Subset for alpha=0.05
		1
Safety	64	1.89
Liquidity	59	2.00
Inflation	14	2.21
Tax Benefit	32	2.31
Higher Return	52	2.42
Sig.		.146
Means for groups in homogeneous subsets are displayed.		
Uses Harmonic Mean Sample Size = 32.366.		
The Harmonic Mean of the group sizes is used.		

Inference Since the p-value (.146) is greater than 0.05 at a 5 percent level of significance we accept the null hypothesis and reject the alternative hypothesis. Hence there is no significant difference between the objective factor of investment and the salaried employee paying more tax than businessmen.

Chi-Square: A chi-square statistic is a test that measures how expectations compare to actual observed data. The data used in calculating a chi-square statistic must be random, raw, mutually exclusive, drawn from independent variables, and drawn from a large enough sample.

Hypothesis:

Null Hypothesis (H0) – There is no significant difference between income becomes taxable and awareness of tax deduction exempted
Alternative Hypothesis (H1) – There is a significant difference between income becomes taxable and awareness of tax deduction exempted

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Table 14: Table showing the association between income becomes taxable and awareness of tax deduction exempted

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percentages	N	Percentage	N	Percentage
Income becomes taxable	221	99.5	1	0.5	222	100

Chi-Square Tests			
	Value	D3f	Asymptotic Significance(2-sided)
Pearson Chi-Square	46.099	3	.000
Likelihood Ratio	52.249	3	.000
Linear-by-Linear Association	.200	1	.655
N of Valid Cases	221		

Inference As the value Pearson Chi-square (.000) lesser than 0.05 H0 is rejected and hence proved there is a significant relationship between income becoming taxable and awareness of tax deduction exempted.

6. FINDINGS

- The Majority (43% of the respondents are fall in the age category of 36-45 years Majority (54.3%) of the respondents are male.
- The Majority (44.3%) of earning income Between Rs 5 Lakh to Rs. 7.5 Lakh Majority (52%) of the respondents are saving less than 20% of their monthly salary.
- The Majority (39.4%) of the respondents repay the loan in less than 20%.
- The Majority (27.1%) of the respondents are selected neither agree nor disagree in investing the factors.
- The Majority (58%) of the respondents are not tax planning at the beginning of every year.
- The Majority (59.7%) of the respondents are marked as Higher expect taxable income will be higher in 2026 respectively.
- The Majority (43.6%) of the respondents do not have an emergency fund.
- The Majority (35.3%) of the respondents marked as income from salary in heads of income become taxable.
- The Majority (46.6%) of respondents are slightly satisfied by their strategies in satisfaction with current tax planning strategies.
- The Majority (61.5%) of respondents are utilizing income tax benefits.
- The Majority (58.4%) of respondents are aware of deduction exempted.
- The Majority (29.4%) of respondents applied for Medical insurance premiums.
- The Majority (28.68%) of respondents are highly investing in all the instruments of tax savings.

Findings of T-Test,
There is no associate difference between satisfaction with current tax planning strategies and income tax deduction benefits.

Findings of Correlation,
There is a significant relationship between Income Earnings and Salary savings from financial planning and tax savings

Findings of ANOVA,
There is no association between an objective factor of investment and the salaried employee paying more tax than businessmen. We accept the null hypothesis and reject the alternative hypothesis.

Findings of chi-Square,
There is an association between income becomes taxable and awareness of tax deduction exempted

7. SUGGESTION

- Financial planning for salaried employees is not just a driven process; it is a basic need for every individual and his/her family. It is a complete cycle starting from the monthly budget to retirement planning. The process comprises Budgeting, Insurance, Goal-Based Investments, Getting out of Debt, and Retirement. If you miss any of these steps, the cycle will be incomplete.

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Journal homepage: www.ijrpr.com ISSN 2582-7421

- Identify your needs, wants, and savings.
- Equity – Linked Savings schemes, Long – Term Capital Gains from Sale of Long – Term Assets, Agricultural Income, Public Provident Fund, Educational loans, Educational scholars, Voluntary donations, Home loans, Interest Income on Savings Account, HUF Receipts, Unit-Linked Insurance Plan these are all some of the tax savings strategies for salaried employees.
- Important note: Not all tax savers are the same in terms of asset – class, so one should choose to use the instrument that best suits their individual needs. The safety, Liquidity, and returns of the tax savings instrument should be taken into consideration. No financial decisions should be made based on the returns to be gained. Your goal is not only to saveon taxes but also to achieve different goals you have set for yourself. Hence, one should always have clear-cut objectives and should link their tax instruments to the desired goal.

8. CONCLUSION

The project has been done on the financial planning for salaried employees and strategies for tax savings in Chennai. The financial planning and tax savings are based on the information provided by the employees. Financial planning reduces not only the tax burden but also gives mental satisfaction. Chapter 2 reveals the literature and discusses a proposed conceptual framework for the research. The objective of this study has been defined, to understand the present status of financial planning and tax savings of salaried employees and to evaluate the suggestions of financial planning and tax savings has been discussed. The research design and the methods of data collection have been outlined in chapter 3. The study concludes that salaried employees want to know their tax obligation in the right perspective and measures of financial planning available to them so that they can make the best use of their earnings by reducing the incidence of tax. Thus, Financial Planning is not at all complicated and could be done with a certain degree of awareness and application.