



A Study on Saving Taxes, Financial Plans and Considerations for Salaried Employees

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ABSTRACT

This study delves into the critical aspects of tax-saving strategies and financial planning tailored specifically for salaried employees. With a focus on optimizing financial outcomes while minimizing tax liabilities, the research encompasses various avenues and considerations essential for effective wealth management.

Furthermore the study findings emphasis that there's a widespread belief in the importance of tax savings within the broader framework of financial planning, indicating a proactive approach towards optimizing financial outcomes, Individuals are actively exploring new tax-saving options and financial instruments, reflecting a dynamic approach towards optimizing their financial portfolios, the availability of tax-saving options specifically tailored for salaried employees, providing them with avenues to minimize tax liabilities effectively, Employee Provident Fund (EPF) emerges as the preferred tax-saving instrument among salaried individuals, highlighting its perceived effectiveness and reliability, Homeownership ranks as the primary financial goal for salaried employees, underscoring the significance of property investment within their financial plans, Long-term financial planning holds significant importance within the overall financial strategy of salaried employees, emphasizing the need for forward-looking approaches and so on.

In conclusion, the study underscores the importance of tax savings, financial planning, and considerations within the framework of salaried employment. By recognizing the significance of proactive financial management, individuals can effectively optimize their financial outcomes and achieve long-term financial stability and growth.

INTRODUCTION

Tax saving and financial planning are crucial aspects of managing personal finances for salaried employees. With proper strategies and considerations, individuals can optimize their tax liabilities, maximize savings, and secure their financial future. This study delves into various tax-saving methods, financial planning techniques, and essential considerations tailored to salaried employees.

TAX SAVING STRATEGIES:

Utilization of Tax Deductions:

Salaried employees can leverage various tax deductions available under the Income Tax Act, such as deductions for investments in provident funds (PF), life insurance premiums, health insurance premiums, and contributions to pension schemes.

Investment in Tax-saving Instruments:

Investments in tax-saving instruments like Equity Linked Savings Schemes (ELSS), Public Provident Fund (PPF), National Pension System (NPS), and tax-saving fixed deposits can help reduce taxable income and thereby lower tax liabilities.

Utilization of Section 80C:

Section 80C of the Income Tax Act provides deductions for investments in specified avenues such as Employee Provident Fund (EPF), Public Provident Fund (PPF), Equity Linked Savings Schemes (ELSS), National Savings Certificate (NSC), etc. Salaried employees should optimize their investments within the limit of Section 80C to avail maximum tax benefits.

FINANCIAL PLANNING CONSIDERATIONS:

Budgeting and Expense Management:

Creating a budget and tracking expenses are fundamental to financial planning. Salaried employees should allocate their income efficiently, prioritize essential expenses, and minimize unnecessary spending to ensure financial stability.

Emergency Fund:

Building an emergency fund equivalent to 3-6 months' worth of living expenses is essential to handle unforeseen financial emergencies such as job loss, medical emergencies, or major repairs.

Debt Management:

Managing debt effectively is crucial for financial well-being. Salaried employees should prioritize high-interest debt repayment, such as credit card debt, and avoid accumulating excessive debt.

Investment Diversification:

Diversifying investments across various asset classes such as equities, bonds, real estate, and fixed deposits can help mitigate risks and optimize returns over the long term.

Retirement Planning:

Planning for retirement is imperative for salaried employees to maintain their standard of living post-retirement. Contributions to retirement plans like EPF, PPF, NPS, and voluntary provident fund (VPF) should be made regularly to build a substantial retirement corpus.

OBJECTIVES OF THE STUDY

- To analyse the Understanding of tax regulations regarding the tax saving, financial plans and consideration for the salaried employees.
- To identify the taxable income and deduction regarding the tax saving, financial plans and consideration for the salaried employees.
- To analyse the Awareness and education regarding the tax saving, financial plans and consideration for the salaried employees.
- To evaluate the Customised tax planning strategies regarding the tax saving, financial plans and consideration for the salaried employees.
- To identify the Long term financial planning regarding the tax saving, financial plans and consideration for the salaried employees.

REVIEW OF LITERATURE

- Varsha Singhania (9th September, 2021) (A study on Awareness of Investment in Tax Saving Products) The objective of this research was to know the respondent's awareness on the Tax planning and Tax deductions.
- R.Yuvaraj (2022) (A study on financial planning for salaried employees and strategies for tax savings) The study reveals that most of the salaried employees are not aware about the benefits of tax saving investments like ULIPS, NPS and NSC, Life insurance, health insurance as well as PPF are the popular investment options.
- Jyoti Sing, Divyesh Solanki and Sonakshi Sharma (2023) (A study on financial planning for salaried employee and strategies for tax saving) The study reveals that majority of the respondents prefer regular return plan as a choice for their future.

HYPOTHESIS OF THE STUDY

1. To analyse the awareness and education regarding the tax saving, financial plans and consideration for the salaried employees.

Null hypothesis (H₀): There is no significant relationship between Age of the respondents and sources being currently used for information on tax planning and financial considerations for the salaried employees.

Alternative hypothesis (H₁): There is a significant relationship between Age of the respondents and sources currently being used for information on tax planning and financial considerations for the salaried employees.

2. To identify the Long term financial planning regarding the tax saving, financial plans and consideration for the salaried employees.

Null hypothesis (H₀): There is no significant relationship between the gender of respondents and their likelihood of consulting professional advice for long-term financial planning, particularly concerning tax-saving strategies for the salaried employees.

Alternative hypothesis (H₁): There is a significant relationship between the gender of respondents and their likelihood of consulting professional advice for long-term financial planning, particularly concerning tax-saving strategies for the salaried employees.

SOURCES OF DATA

The data collected from both primary and secondary data

Primary data: The questionnaire was prepared, administered among the salaried employees and received responses from 70 individuals.

Secondary data: Collected from online journals, websites & review of literature from published articles.

TOOLS AND TECHNIQUES

The study utilized a questionnaire as its research instrument for data collection.

This questionnaire was designed in alignment with the study's objectives and was administered to consumers to gather their perspectives. The information was collected using a meticulously structured questionnaire.

ANALYSIS TOOL

PERCENTAGE ANALYSIS: It is also known as ratio analysis, which is a method used to analyse financial statements and other data by expressing individual items as a percentage of a base figure. It helps in comparing different components of financial statements over time or against competitors.

STATISTICAL TOOLS

CHI-SQUARE: The chi-square test is used to analyse categorical data and determine whether there is a significant association between two categorical variables. It is commonly used to test for independence in contingency tables and to compare observed frequencies with expected frequencies.

T-TEST: A t-test (also known as Student's t-test) is a tool for evaluating the means of one or two populations using hypothesis testing. A t-test may be used to evaluate whether a single group differs from a known value (a one-sample t-test), whether two groups differ from each other (an independent two-sample t-test), or whether there is a significant difference in paired measurements (a paired, or dependent samples t-test).

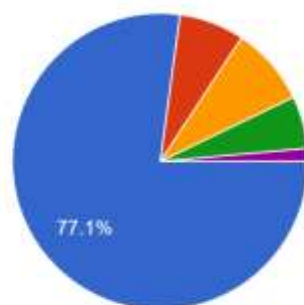
ANALYSIS AND INTERPRETATION DATA

TABLE NO.: 1 AGE WISE CLASSIFICATION

AGE	NO. OF RESPONDENTS	% OF RESPONDENTS
20 – 30	54	77.1%
30 - 40	5	7.1%
40 – 50	6	8.6%
50 – 60	4	5.7%
60 above	1	1.4%
Total	70	

Age

70 responses



INTERPRETATION:

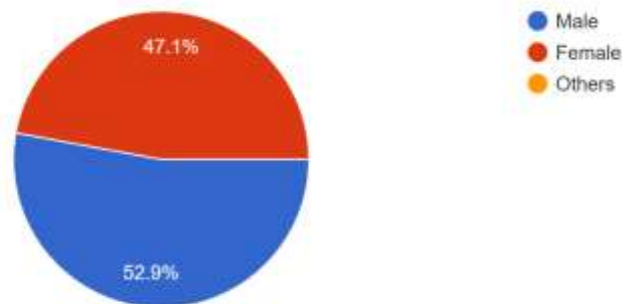
From the above table, 77.1% of the respondents are aged between 20 and 30 years old, 7.1% are aged between 30 and 40 years old, 8.6% are aged between 40 and 50 years old, 5.7% are aged between 50 and 60 years old and Only 1.4% are aged 60 and above.

INFERENCE: This data indicates that the majority of respondents fall within the 20-30 age range

TABLE NO. 2 GENDER WISE CLASSIFICATION

GENDER	NO.OF RESPONDENTS	% OF RESPONDENTS
MALE	33	47.1%
FEMALE	37	52.9%
OTHERS	-	-

Gender
70 responses



INTERPRETATION:

From the above table, there were a total of 70 respondents, out of which 47.1% of the respondents identified as male, which is equivalent to 33 respondents, 52.9% of the respondents identified as female, which is equivalent to 37 respondents, There were no respondents who identified as others.

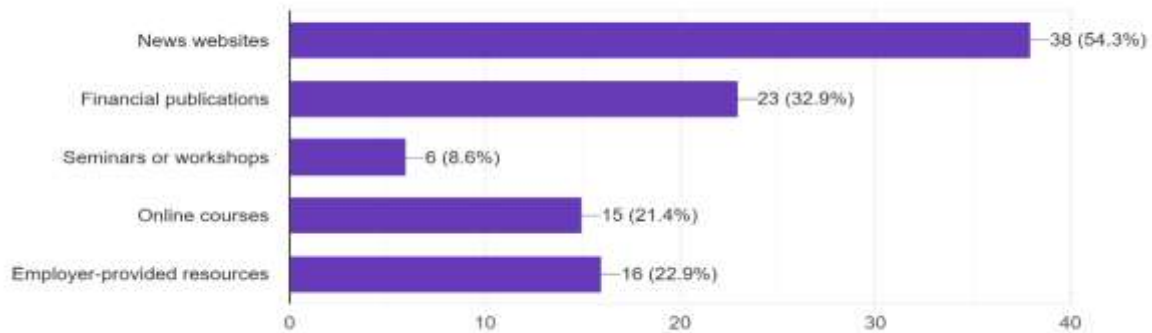
INFERENCE: The majority of the respondents are female with 52.9%

TABLE NO.: 3 SOURCES CURRENTLY USE FOR INFORMATION REGARDING TAX PLANNING AND FINANCIAL CONSIDERATIONS

PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
News websites	38	53.3%
Financial publication	23	32.9%
Seminars or workshops	6	8.6%
Online course	15	21.4%
Employer-provided resources	16	22.9%

What sources do you currently use for information on tax planning and financial considerations?

70 responses



INTERPRETATION:

News websites holds 38 respondents, constituting 53.3% of the total respondents, Financial publication holds 23 respondents, representing 32.9% of the total respondents, Seminars or workshops holds 6 respondents, accounting for 8.6% of the total respondents, Online course holds 15 respondents, making up 21.4% of the total respondents and Employer-provided resources holds 16 respondents, comprising 22.9% of the total respondents.

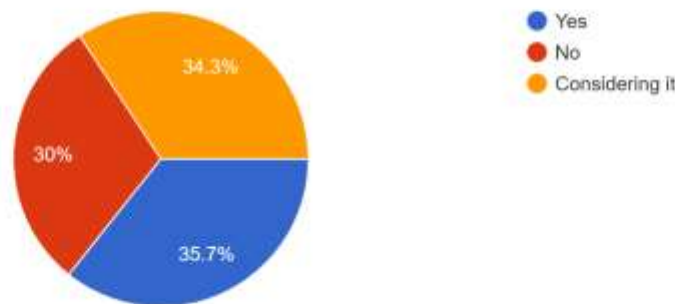
INFERENCE: It's evident that news websites is the most popular sources of information for tax planning and financial consideration.

TABLE NO.:4 CONSULTING PROFESSIONAL ADVICE FOR LONG-TERM FINANCIAL PLANNING REGARDING TAX-SAVING STRATEGIES

PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
Yes	25	35.7%
No	21	30%
Considering it	24	33.3%

Have you sought professional advice (e.g., financial advisor, tax consultant) for your long-term financial planning, especially regarding tax-saving strategies?

70 responses



INTERPRETATION:

Yes: 25 respondents, which accounts for 35.7% of the total respondents, answered affirmatively.

No: 21 respondents, representing 30% of the total respondents, answered negatively.

Considering it: 24 respondents, making up 33.3% of the total respondents, are contemplating or unsure about their response.

INFERENCE: The majority of the respondents opted for the "considering it" category, comprising 35.7%.

CHI-SQUARE:

O	E	O-E	O-E ²	(O-E) ² /E
26	28.3	-2.3	5.29	0.186
18	17.1	0.9	0.81	0.047
5	3.46	0.54	0.29	0.065
11	11.17	-0.17	0.02	0.001
13	11.91	1.09	1.1	0.092
4	2.7	1.3	1.69	0.625
1	1.6	-0.6	0.36	0.225
1	1.07	-0.07	0.004	0.003
1	1.14	-0.14	0.019	0.016
4	3.26	-0.26	0.06	0.014
3	2.58	0.42	0.17	0.06
3	1.68	1.32	1.74	1.03
1	1.79	-0.79	0.62	0.34
3	2.32	0.68	0.46	0.198
1	1.4	-0.4	0.16	0.11
1	0.36	0.64	0.40	1.11
1	0.97	0.03	0.0009	0.00092
1	0.38	0.62	0.3844	1.011
Calculated value				5.13392

INFERENCE

Therefore, calculated value is 5.13392 which is less than the table value 26.30. So, accept H₀.

Hence proved that there is no significant relationship between Age of the respondents and sources currently being used for information on tax planning and financial considerations for the salaried employees.

T- TEST

PARTICULARS	MALE(x)	FEMALE(y)	Σd = y-x	d ²
Yes	15	10	-5	25
No	10	12	2	4
Considering it	11	12	1	1
Total			-2	30

$$T = |\bar{d}| / s \sqrt{n-1}$$

$$T = -0.666 / 3.091 \sqrt{3^2 - 1}$$

$$T = -0.666 / 3.091 * 2.8284$$

$$T = -0.666 / 8.7426$$

$$T = -0.0761$$

Calculated value: -0.0761

INFERENCE

Therefore, calculated value is -0.0761 which is less than the table value 9.925. So, accept H₀.

Hence proved that there is no significant relationship between gender of the respondents and their likelihood of consulting professional advice for long-term financial planning, particularly concerning tax-saving strategies for the salaried employees.

KEY FINDINGS

- Adults are predominantly interested in Tax savings, Financial plans and consideration.
- People should consult professional advice for long-term financial planning regarding tax-saving strategies.
- News websites are the sources currently people use for information regarding tax planning and financial considerations.

CONCLUSION

In conclusion, the study underscores the significance of tax savings, effective financial planning, and continuous learning in optimizing financial outcomes for salaried employees. By leveraging available tax-saving options, seeking professional advice, and staying informed about tax regulations and financial considerations, individuals can better navigate their financial journeys and achieve their long-term financial goals. Salaried employees can achieve financial stability and security by implementing effective tax-saving strategies, engaging in comprehensive financial planning, and considering relevant factors to make informed financial decisions. By adopting a proactive approach towards managing finances, salaried individuals can build wealth, achieve financial goals, and secure their financial future.

REFERENCE

- [UG Farooqi](#), [FA Khan](#), SA Aleem, MA Arif - Indian Journal of 2022 A Study of Salaried Employees Financial Planning and Tax Savings Strategies.
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