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A

PROJECT REPORT

ON

"A STUDY ON INCOME TAX PLANNING "

UNDERTAKEN AT 0

"S .V Langore and associates Auditor and TAX Consultants"

IN PARTIAL FULFILMENT OF POST GRADUATE DIPLOMA IN FINANCE

MIT SCHOOL OF DISTANCE EDUCATION, PUNE.

GUIDED BY
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SUBMITTED BY

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MIT SCHOOL OF DISTANCE EDUCATION,

PUNE - 411 038

YEAR 2023- 2024

TO WHOMSOEVER IT MAY CONCERN

This is to certify that **Mr. Prasad Suresh Lambe** , pursuing **PGDM** from **MIT SCHOOL OF DISTANCE EDUCATION, PUNE**, has successfully completed project with us on " **A Study on Income Tax Planning**" during Date 15 April 2024.

During his stay in the organization, we found he is sincere, well organized and hardworking on project and also appreciate efforts taken by his completion on the project.

We wish his success in his future.

Place : Rahuri

Date : 15/04/2024

Note-Prepared as per information givin by the assessee.

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S.V.LANGORE

DECLARATION

I hereby declare that this project report entitled "**A STUDY ON INCOME TAX PLANNING**" is a bonafide record of the project work carried out by me during the academic year **2023-202** , in fulfillment of the requirements for the awardofPOSTGRADUATEDIPLOMA IN FINANCE MANAGEMENT ofMITSchoolof Distance Education.

This work has not been undertaken or submitted elsewhere in connection with any other academic course.

(Students'NameandSignature)

Prasad Suresh Lambe

Student ID:MIT2022C01060

ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere thanks and gratitude to S.V Langore of S.V Langore and associates Auditor and TAX Consultants for giving me an opportunity to do my project work in your esteemed organization and it has indeed been a great learning and enjoyable experience.

I would like to express my deep sense of gratitude and profound thanks to all staff members of S.V Langore and associates Auditor and TAX Consultants for their kind support and cooperation which helped me in gaining lots of knowledge and experience to do my project work successfully.

At last but not least, I am thankful to my Family and Friends for their moral support, endurance and encouragement during the course of the project.

(Students' Name and Signature)

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Table of Contents

List Of Tables

EXECUTIVE SUMMARY

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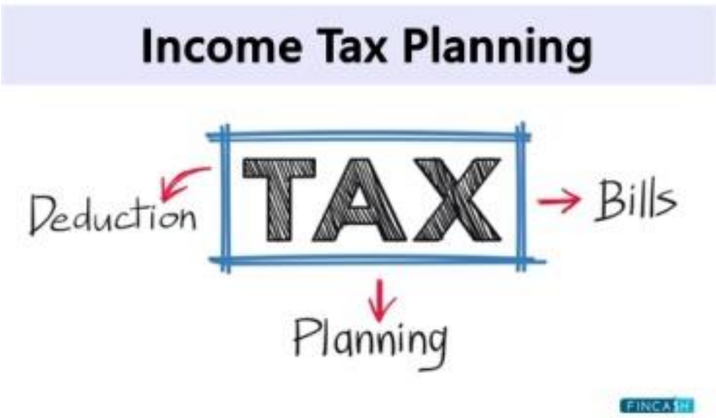
What is Tax planning?

Tax planning involves the strategic organization of financial activities to minimize tax liabilities legally. It encompasses a range of considerations, including income management, deduction optimization, and investment planning. The introduction sets the stage by highlighting the significance of tax planning in personal finance and the broader financial landscape.

The project employs real-life case studies, presenting diverse income sources, deductions, and tax computations. Each case study provides a detailed breakdown of income components, deductions under Section 80, taxable income, and the computation of tax liability based on current tax slabs. The cases cover various financial profiles, such as salary income, business profits, and interest income, illustrating the application of tax planning strategies.

The findings underscore the impact of strategic tax planning on overall tax liabilities. By making informed decisions about income structuring, investment choices, and timing of financial transactions, individuals can significantly reduce their tax burdens. The project concludes by emphasizing the importance of staying informed about tax laws and regulations and the potential benefits of seeking professional advice for personalized tax planning strategies.

In summary, this project serves as a valuable resource for individuals seeking to enhance their understanding of tax planning principles and implement effective strategies to optimize their financial positions.



- The basic objectives of tax planning are to save money and lower one's tax obligation. But that's not its primary objective.
- You are probably already aware that taxes are charges made by the government on products, services, or income.
- This contribution to the government is expected from citizens
- As a result, you should make an effort to reduce your tax burden and protect their hard-earned money**.**
- Tax planning's advantages include Reducing tax liability
- Planning ahead and making the proper investments of a dynamic nature

CHAPTER I :

INTRODUCTION &

THEORETICAL BACKGROUND

CHAPTER I : INTRODUCTION & THEORETICAL BACKGROUND

1.1 Introduction :

Income Tax :

Income tax in India is a direct tax that is levied by the central government on the income of individuals, companies, and other entities. It is one of the main sources of revenue for the government and is used to fund various public services and development projects.

Who is liable to pay income tax in India?

All individuals, companies, and other entities that have an income in India are liable to pay income tax. This includes Indian residents as well as non-resident Indians (NRIs).

What is the income tax rate in India?

The income tax rate in India is progressive, which means that the higher your income, the higher the percentage of tax you will pay. The current income tax rates for individual taxpayers are as follows:

Income tax slab rates for FY 2023-24/ AY 2024-25			
Old Regime			
Slabs	Individuals (Age < 60 years)	Resident Senior Citizens (≥60 but <80 years)	Resident Super Senior Citizens (80 years and above)
Up to Rs 2,50,000	Nil	Nil	Nil
Rs 2,50,001 to Rs 3,00,000	5%	Nil	Nil
Rs 3,00,001 to Rs 5,00,000	5%	5%	Nil
Rs 5,00,001 to Rs 10,00,000	20%	20%	20%
Above Rs 10,00,000	30%	30%	30%
New Regime			
Slabs	Income Tax Rates		
Up to Rs 3,00,000	Nil		
Rs 3,00,001 to Rs 6,00,000	5% (Tax rebate u/s 87A)		
Rs 6,00,001 to Rs 900,000	10% (Tax rebate u/s 87A up to Rs 7 lakh)		
Rs 9,00,001 to Rs 12,00,000	15%		
Rs 12,00,001 to Rs 1500,000	20%		
Above Rs 15,00,000	30%		

There are also separate income tax rates for companies and other entities.

What are the different types of income that are taxable in India?

All types of income earned in India are taxable, including:

- Salary income
- Business income
- Capital gains
- Interest income
- Rental income
- Other income, such as lottery winnings and gambling winnings

What are the deductions and exemptions that are available under the Income Tax Act?

The Income Tax Act provides for a number of deductions and exemptions that taxpayers can claim to reduce their taxable income. Some of the common deductions and exemptions include:

- Deductions for house rent allowance (HRA) and leave travel allowance (LTA) for salaried employees

- Deductions for medical expenses and educational expenses
- Deductions for charitable donations and investments in certain financial instruments
- Exemption for income from agriculture
- Exemption for income up to a certain limit for senior citizens and persons with disabilities

How to file income tax returns in India ?

All taxpayers who have an income above the taxable limit are required to file income tax returns. The income tax returns can be filed online or offline.

To file income tax returns online, taxpayers can visit the website of the Income Tax Department of India. To file income tax returns offline, taxpayers can download the relevant forms from the website of the Income Tax Department and submit them to the nearest Income Tax Assessing Officer (AO).

The Indian income tax system is complex, but it is important for all taxpayers to understand the basics of the law so that they can comply with their tax obligations and avoid penalties.

Tax Planning

Tax planning in India is the process of arranging one's financial affairs to minimize tax liability in accordance with the Income Tax Act, 1961. There are a number of tax planning strategies available to individuals and businesses in India. Some common tax planning strategies for individuals include taking advantage of all available deductions and exemptions, making smart investment choices, planning your salary structure, and considering tax saving insurance products. Some common tax planning strategies for businesses include choosing the right business structure, deducting all eligible business expenses, planning for capital gains, taking advantage of tax breaks for startups and small businesses, and considering tax planning software. It is advisable to consult with a tax professional to develop a tax planning strategy that is right for your specific needs.

Tax Planning Process

The tax planning process in India can be broadly divided into the following steps:

- **Assess your current tax liability:** This involves calculating your taxable income and determining your applicable tax rate.
- **Identify tax planning opportunities:** This involves identifying all of the deductions, exemptions, and credits that you are eligible for.
- **Develop a tax planning strategy:** This involves developing a plan to maximize your tax savings while staying within the legal boundaries.
- **Implement your tax planning strategy:** This involves taking the necessary steps to implement your plan, such as making investments, claiming deductions, and structuring your salary.
- **Review and monitor your tax planning strategy:** This involves reviewing your tax planning strategy on a regular basis to ensure that it is still meeting your needs.

Here is a more detailed overview of each step:

1. Assess your current tax liability

The first step in tax planning is to assess your current tax liability. This involves calculating your taxable income and determining your applicable tax rate.

To calculate your taxable income, you need to add up all of your income sources, such as salary, business income, capital gains, and rental income. Once you have calculated your taxable income, you need to determine your applicable tax rate by looking at the income tax slabs for the current financial year.

2. Identify tax planning opportunities

Once you have assessed your current tax liability, you need to identify all of the deductions, exemptions, and credits that you are eligible for. There are a number of tax planning opportunities available to individuals and businesses in India.

Some common tax planning opportunities for individuals include:

- House rent allowance (HRA)
- Leave travel allowance (LTA)
- Medical expenses
- Educational expenses
- Charitable donations
- Investments in certain financial instruments, such as ELSS, PPF, and NPS

Some common tax planning opportunities for businesses include:

- Choose the right business structure
- Deduct all eligible business expenses
- Plan for capital gains
- Take advantage of tax breaks for startups and small businesses

3. Develop a tax planning strategy

Once you have identified all of the tax planning opportunities that you are eligible for, you need to develop a tax planning strategy. This involves developing a plan to maximize your tax savings while staying within the legal boundaries.

Your tax planning strategy will vary depending on your individual or business circumstances. However, there are some general principles that you can follow:

- Take advantage of all available deductions and exemptions.
- Make smart investment choices.
- Structure your salary or business income in a way that minimizes your tax liability.
- Consider tax saving insurance products.

4. Implement your tax planning strategy

Once you have developed a tax planning strategy, you need to implement it. This involves taking the necessary steps to implement your plan, such as making investments, claiming deductions, and structuring your salary.

For example, if you are eligible for a deduction for investments in ELSS, you need to invest in an ELSS scheme. If you are eligible for a deduction for HRA, you need to claim the deduction on your income tax return.

5. Review and monitor your tax planning strategy

It is important to review and monitor your tax planning strategy on a regular basis to ensure that it is still meeting your needs. This is because the tax laws can change from year to year.

You should also review your tax planning strategy if your financial circumstances change significantly. For example, if you get married or have children, you may be eligible for new deductions and exemptions.

Tax Management

Tax management in India is the process of ensuring compliance with the tax laws and minimizing tax liability. It involves preparing and filing income tax returns, paying taxes on time, claiming all eligible deductions and exemptions, managing tax audits and assessments, and dealing with tax disputes.

Keep accurate records of all income and expenses.

Understand the tax laws so that you can claim all eligible deductions and exemptions.

File income tax returns on time and pay taxes on time to avoid penalties and interest charges.

Use an online tax filing service to make it easier to prepare and file your income tax returns.

E-verify your income tax return to avoid tax audits.

Take advantage of tax credits to reduce your tax liability.

Computation of Total Income

1. Income from Salaries

Income from salary, a fundamental component of an individual's total income, encompasses various financial elements such as basic salary, allowances, bonuses, and additional monetary compensation provided by employers. From this income, specific allowances may be tax-free or partially exempt, such as House Rent Allowance (HRA) or Conveyance Allowance, while eligible deductions, like contributions to retirement accounts and insurance premiums, can reduce the taxable salary. After accounting for these factors, the taxable salary is determined, serving as the basis for calculating income tax. The tax calculation process involves applying progressive tax rates, where higher income levels incur higher tax rates. Further complexity arises from tax rebates, credits, and deductions, which can reduce the final tax liability. Following these considerations, the net tax payable is the ultimate amount owed to the government. Many employees benefit from Tax Deducted at Source (TDS), where employers withhold taxes from salaries, streamlining the tax payment process. Taxpayers must adhere to annual tax return filing requirements to report their salary income and other sources, claim deductions, and fulfill any remaining tax obligations.

Components: Income from salary comprises various components, including:

- Basic salary
- Allowances (e.g., House Rent Allowance, Conveyance Allowance)
- Bonuses
- Other monetary compensation from the employer.

Allowances and Deductions: The calculation of taxable salary involves considering:

- Tax-free or partially exempt allowances.
- Deductions for contributions to retirement accounts, insurance premiums, and other eligible expenses, which can reduce the taxable salary.

Taxable Salary: After accounting for allowances and deductions, the resulting amount represents the taxable salary. This is the basis for calculating income tax.

Tax Slabs and Rates: Income tax systems generally employ progressive tax rates, meaning that as income levels increase, the applicable tax rates also increase. Tax rates and slabs can vary by jurisdiction.

Tax Calculation: The calculation of income tax considers the taxable salary, applicable tax rates, and may include additional factors such as surcharges or cess.

Rebates and Tax Credits: Taxpayers may be eligible for:

- Tax rebates: deductions for specific expenses or investments.
- Tax credits: incentives or reductions in tax liability for certain activities or categories of taxpayers.

Net Tax Payable: After accounting for rebates and tax credits, the final income tax payable is determined, representing the amount owed to the government.

Tax Deducted at Source (TDS): Employers often deduct taxes at the source (TDS) from employees' salaries, ensuring that employees do not need to pay the full tax amount separately during annual tax return filing.

Filing Tax Returns: Taxpayers must file annual income tax returns, reporting their salary income and other sources, claiming deductions, and settling any remaining tax obligations, if applicable.

Compliance: To maintain compliance with tax laws, individuals must:

- Keep accurate records of income and deductions.
- Adhere to filing deadlines.
- Ensure accurate reporting of financial information.

Tax Planning: Engaging in tax planning strategies can help individuals optimize their tax situation by:

- Leveraging deductions and exemptions.
- Exploring tax-efficient investments.

2. Income from house property

Income from house property refers to the rental income earned by property owners, which is subject to taxation in many countries. Property owners report their rental income, deduct eligible expenses such as property taxes and home loan interest, and calculate the taxable income. The Annual Value, representing potential rental income, is used as a basis. If deductions exceed rental income, a loss can be offset against other income sources, reducing overall tax liability. Compliance with tax laws, including accurate reporting and record-keeping, is crucial. Specific rules can vary by jurisdiction, making it advisable to consult tax authorities or professionals for guidance on local tax regulations and provisions.

Rental Income: Income from house property includes the rental income received by the property owner from leasing or renting out a residential or commercial property. This income may come from a house, apartment, office space, or any real estate property.

Deductions: While calculating the taxable income from house property, individuals are allowed to deduct certain expenses related to the property, such as property taxes, standard deduction (in some countries), and interest on home loans. These deductions reduce the taxable rental income.

Interest on Home Loan: The interest paid on a home loan taken for the purchase, construction, repair, or renovation of a property is eligible for deduction from the rental income. The principal amount of the loan is not deductible.

Co-Ownership: In cases of co-ownership of a property, the rental income and deductions are usually divided among the co-owners according to their ownership shares.

Municipal Taxes: Property owners may be eligible to claim a deduction for municipal taxes paid during the tax year.

Annual Value: The taxable income from house property is calculated based on the Annual Value of the property. The Annual Value is usually determined by the municipal authorities and is the potential rental income that the property could generate.

Standard Deduction: Some countries provide a standard deduction as a percentage of the Annual Value to account for maintenance and repair expenses. This deduction reduces the taxable income.

Self-Occupied Property: If the property owner lives in the house property, the annual value is generally considered as nil for tax purposes, and no rental income is taxable.

Taxable Income: The taxable income from house property is calculated by subtracting deductions (interest on home loan, property taxes, standard deduction, etc.) from the Annual Value. The resulting amount is included in the individual's total income and is subject to the applicable income tax rate.

Filing Tax Returns: Property owners are required to include their income from house property while filing annual tax returns. They should provide details of rental income, deductions, and the net taxable income.

Loss from House Property: In cases where the deductions exceed the rental income, a loss from house property may be incurred. This loss can be set off against other heads of income, reducing the taxpayer's overall tax liability.

Tax Compliance: Property owners must maintain proper records, adhere to tax filing deadlines, and ensure accurate reporting to remain compliant with tax laws.

3. Capital Gains

Capital gains represent the profits realized from the sale or disposal of capital assets, such as stocks, real estate, or investments. These gains are a critical element of financial transactions, with different tax implications based on the duration of asset ownership. Short-term capital gains result from assets held for a year or less and are typically taxed at a higher rate, while long-term gains, derived from assets held for more than a year, often benefit from lower tax rates. The calculation of capital gains involves subtracting the asset's purchase price and transaction costs from the selling price. Importantly, capital losses can offset capital gains, reducing the overall tax liability.

Types of Capital Gains:

- **Short-Term Capital Gains:** These are profits from the sale of assets held for a short duration, typically one year or less. Short-term capital gains are usually taxed at a higher rate than long-term gains.
- **Long-Term Capital Gains:** Gains from the sale of assets held for more than one year are considered long-term. They often benefit from preferential tax rates, which are generally lower than short-term capital gains rates.

Capital Assets:

- Capital assets include stocks, bonds, real estate, collectibles, and other investments held for investment purposes. Personal assets like your primary residence or personal-use vehicles are typically excluded.

Calculation of Capital Gains:

- Capital gains are calculated as the selling price of the asset minus the purchase price, plus any associated transaction costs (e.g., brokerage fees). The resulting figure is your capital gain.

Taxation of Capital Gains:

- The taxation of capital gains varies by country. In many places, long-term capital gains often benefit from reduced tax rates, while short-term gains are taxed at the
  individual's ordinary income tax rate. Some countries may have no capital gains tax at all.

Capital Losses:

- If you sell an asset for less than its purchase price, you incur a capital loss. Capital losses can be used to offset capital gains, reducing your overall tax liability.

Capital Gains Exemptions:

- Some countries offer exemptions or reduced tax rates for certain types of capital gains. For example, there may be exemptions for the sale of a primary residence or exemptions for gains on small investments.

Capital Gains on Investments:

- Investors often buy and sell stocks, bonds, or other securities to generate capital gains. These gains can be a significant source of income and are subject to the relevant tax regulations.

Real Estate Capital Gains:

- Profits from the sale of real estate, such as a second home or an investment property, are also considered capital gains. Real estate transactions can have specific tax rules and exemptions.

Reporting and Filing:

- In most countries, individuals are required to report their capital gains on their annual tax returns. This includes providing details of each asset sale, the purchase price, selling price, and related costs.

Timing and Holding Period:

- Duration for which an asset is the held can impact the tax treatment. Understanding the holding period is crucial for tax planning.

Tax-Efficient Investing:

- Many investors engage in tax-efficient strategies to minimize capital gains tax, such as holding assets for the long term, using tax-advantaged accounts, or offsetting gains with losses.

4. Profit and Gains from business and profession

Income from business and profession encompasses earnings generated through commercial activities and professional services. Business income includes revenue from the sale of goods or services, while professional income relates to specialized services like law, medicine, or consulting. To calculate income, allowable expenses are deducted from gross earnings. These expenses can include rent, employee salaries, office supplies, and other legitimate costs. Taxation varies depending on the business structure and tax laws, with some countries offering presumptive taxation for simplicity.

Types of Business Income:

- **Business Income:** This includes income generated from operating a business enterprise, such as a sole proprietorship, partnership, or corporation. It encompasses income from the sale of goods, services, or assets related to the business.

Types of Professional Income:

- **Professional Income:** This category covers earnings from professional services, such as legal, medical, engineering, consulting, or any specialized expertise.

Computation of Income:

- Business and professional income is calculated by deducting allowable expenses from gross income. Deductions include costs related to the business or profession, such as rent, employee salaries, office supplies, and other legitimate expenses.

Business Expenses:

- Allowable business expenses may include rent or lease payments, employee salaries and benefits, office supplies, utility bills, advertising and marketing costs, depreciation, and more.

Professional Expenses:

- Professionals can deduct expenses directly related to their profession, such as office rent, professional fees, equipment and supplies, and other relevant expenditures.

Taxation of Business and Professional Income:

- The taxation of business and professional income can vary depending on the legal structure of the business (e.g., sole proprietorship, partnership, corporation), the tax laws of the country, and the specific deductions and exemptions available.

Presumptive Taxation:

- Some countries offer presumptive taxation schemes for small businesses or professionals, simplifying the tax calculation process.

Tax Filings:

- Business owners and professionals are required to file annual tax returns, reporting their income and expenses. Proper record-keeping is essential to substantiate the figures reported.

Tax Planning:

- Effective tax planning can help optimize the tax liability. This includes structuring the business or professional practice to take advantage of available deductions, exemptions, and tax credits.

Compliance:

- Compliance with tax laws, including timely filing of returns and accurate reporting, is crucial to avoid penalties and legal consequences.

Advanced Tax Strategies:

- Businesses and professionals may engage in advanced tax strategies such as using tax-efficient structures, international taxation, and transfer pricing.

5. Income from other sources

Income from other sources covers a wide range of earnings not fitting into traditional categories, including interest, rental income, dividends, royalties, gifts, and more. Taxation varies by type and jurisdiction. Accurate reporting and compliance are essential, and tax planning can help optimize the tax liability on this income. Specifics depend on local tax laws, so consulting with tax professionals or authorities is advisable.

Types of Income:

- Income from other sources encompasses a wide range of earnings, including interest income, rental income, dividends, royalties, gifts, winnings from lotteries or gambling, and more.

Interest Income:

Interest earned on savings accounts, fixed deposits, or bonds is a common component of income from other sources. Taxation of interest income can vary depending on the country and the type of investment.

Rental Income:

- Rent received from properties, such as residential and commercial real estate, is classified as income from other sources. Rental income is typically subject to taxation after deductions for expenses.

Dividend Income:

- Dividends received from investments in stocks or mutual funds are considered income from other sources. Taxation of dividend income can vary based on the jurisdiction and the type of investment.

Royalty Income:

- Royalties earned from licensing intellectual property, such as patents, copyrights, or trademarks, are a common source of income from other sources.

Gifts and Inheritance:

- Gifts or inheritances received may be considered as income from other sources, depending on the applicable tax laws.

Lottery and Gambling Winnings:

- Profits from lotteries, gambling, or betting activities may be classified as income from other sources. Taxation of such income can differ significantly.

Other Miscellaneous Income:

- This category may include alimony, income from hobbies or side businesses, and any other revenue sources not falling into the previously mentioned categories.

Taxation of Other Sources:

- The taxation of income from other sources can vary widely by country and by the specific type of income. Different tax rates, exemptions, and deductions may apply.

Reporting and Filing:

- Taxpayers are generally required to report income from other sources on their annual tax returns, providing details of each source of income and any applicable deductions or exemptions.

Compliance:

- Complying with tax laws and regulations is vital for individuals who earn income from other sources. Accurate reporting and adherence to filing deadlines are key to avoiding potential penalties.

Tax Planning:

- Effective tax planning can help optimize tax liability on income from other sources. Utilizing available exemptions and deductions can minimize the tax burden.

Format of Income Tax Computation [A.Y.]

(Table No.1.1)

(1) Income from Salaries[1]		Amount (Rs.)
a) Basic Salary	₹…….	
b) Taxable Allowances	₹…….	

c) Taxable value of perquisites		₹…….	
Gross Salary		**₹…….**	
Less: Standard Deduction [2]	₹…….		
Less: Entertainment Allowance	₹…….		
Less: Professional Tax	₹…….	**₹…….**	
Net Taxable Salary		**₹…….**	**₹…….**

(Table No.1.2)

(2) Income from House Property			
a) Self-occupied property	₹…….		
Less: Deduction u/s 24 for interest on loans	₹…….	₹…….	
b) Let-out property: Gross Annual Value	₹…….		
Less: Municipal Taxes Paid	**₹…….**		
Net Annual Value	₹…….		
Less: Deductions u/s 24	**₹…….**	**₹…….**	
Income from House Property [(a) + (b)]		**₹…….**	**₹…….**

(Table No.1.3)

(3) Profits and Gains of Business or Profession		
Net Profit/ Loss as per Profit & Loss Account	₹…….	
Add: Inadmissible Expenses and Loss Account	₹…….	
Losses debited to P & L A/c	₹…….	
Less: Admissible Expense not debited to P & L A/c	**₹…….**	
Net Business Income	**₹…….**	**₹…….**

(Table No.1.4)

(4) Income from Capital Gains		
(i) Short-Term Capital Gains	₹…….	
(ii) Long-Term Capital Gains	₹…….	
Sale Consideration	₹…….	
Less: Indexed Cost of Acquisition	₹…….	
Less: Indexed Cost of Improvement	₹…….	
Less: Transfer Expenses	₹…….	
Gross L.T.C.G.	₹…….	
Less: Exemption u/s 54, 54B, 54D, 54EC, 54EE, 54F, 54G, 54GA, 54GB read with 54H	₹…….	
Net L.T.C.G. (ii)	₹…….	
Total Capital Gains [i.e. (i) + (ii)]	₹…….	
Less: Carried forward Capital Loss	₹…….	
Taxable Capital Gains	**₹…….**	**₹…….**

(Table No.1.5)

(5) Income from Other Sources		
Gross Income	₹…….	
Less: Deduction u/s 57	₹…….	
Income from other sources	**₹…….**	**₹…….**
(6) Aggregate of Incomes [Total of (1)+(2)+(3)+(4)+(5)]		**₹…….**
Less: Adjustment for set-off of carries forward losses and allowance	₹…….	
Gross Total Income		**₹…….**
Less: Deductions (u/s 80C to 80U)[3]	₹…….	
80C (Investment in specified schemes)[4]	₹…….	
80CCC (Pension Fund)[5]	₹…….	
80CCD (New Pension Scheme)[6]	₹…….	
80D (Mediclaim)[7]	₹…….	
80EE (Interest on loan for first residential house)[8]	₹…….	
80G (Donations)[9]	₹…….	
80GG (Rent Paid)[10]	₹…….	
80TTA (Saving Bank A/c Interestz	₹…….	
80TTB (Interest on Bank/ Post Office Deposits in case of a senior citizen)	₹…….	
Others	₹…….	**₹…….**
Taxable Income (R/o to the nearest rupees ten)		**₹…….**
Net Agricultural Income		**₹…….**

CHAPTER II :

REVIEW OF LITERATURE

CHAPTER II : REVIEW OF LITERATURE

Introduction :

The literature review is an abstract of the reference books and web liography that is used for helping in the making of the project – Study on Income Tax planning.

1. Finance Minister Nirmala Sitharaman (7.40 crore I-T returns filed in FY23, says Sitharaman) :

Number of entities, including individuals, who filed income tax returns increased by 6.18 per cent in 2022-23 to over 7.40 crore, of which about 5.16 crore declared zero tax liability, Finance Minister Nirmala Sitharaman said on Monday.

"There has been a 6.18 per cent increase in the number of persons filing Income Tax Returns in FY 2022-23 as com- pared to persons in FY 2021-22," she said in the Lok Sabha. India's gross direct tax col- lection grew 20.33 per cent to over Rs 19.68 lakh crore in 2022-23 fiscal.

2. Effect of Income Tax on Saving and Investment, Radha Gupta (2012) :

A test case of Assesses in Jammu was published in the Indian Journal for Applied Research, Volume 2, Issue 3, ISSN 2249-555X. The study's objective was to determine the socioeconomic level and tax-savings program understanding of investors and individuals. to evaluate the program, encourage investors to save, and advise appropriate actions for a better tax structure. According to the paper's conclusion, if an investor's tax bill is lowered, he will have more disposable income that can be used for investing and saving instead. Increased tax rates may lead to higher tax burdens. which may encourage tax evasion and not be good for the country as a whole. While tax savings encourage the practice of saving, this is a discouraging side effect because people tend to save for burden reduction rather than making profitable investments.

3.Taxation Saving: A Research of Tax Relief Instruments, Savita & Lokesh Gautam (2013) :

Journal of Managing and Society Science and Research (UMSSR), Volume 2, No. 5, ISSN: 2319-4421 The goal of this study was to determine the most popular investing strategy for tax benefits. The possibility of investing to reduce taxes was looked into. The goal of the study was to identify the most common investing strategy for tax savings. The most common method of investing was found to be life insurance policy premium payments, followed by provident fund contributions and fixed deposit savings Following was the other type of investment The report also demonstrated that the tax savings were greatest for people aged 50 to 60 and lowest for people aged 20 to 30. Additionally, it says that as income rises, so do investments aimed at reducing taxes. Is if income is somewhere between Rs. 700000 and Rs. 900000, the commitment is Rs. 5 lakhs.

4. Evaluating the Variables Affecting Tax Avoidance and Evasion in Nigeria, Akinyomi Oladele John and Opala Kenneth (2013) :

The purpose of the study is to find the factors that influence tax evasion and avoidance so that preventative measures can be developed. The study found that tax evasion and evasion in Nigeria are highly influenced by the inadequate quality of services received in exchange for taxes, the tax system and perceptions of justice, its poor accountability and openness of state bodies, and the high level of corruption. It is advised that government officials in general and those in public office in particular take urgent action to move above board in terms of accountability, transparency, and the fight against corruption.

5. SHILPA NAYAK (2001) conducted a study on "Tax planning the Taxmamcometh":

This study has concluded that there are two ways for tax saving ie. 1. Claiming all permissible. deductions and 2. Investing in tax saving schemes 1 2 3 The provisions ofthe Income Tax Act relating to Income Tax Rate, Tax Saving schemes, Tax-free incomes, Deductions, Relief etc are changing But, the features of the tax savings schemes are more or less permanent. Hence, the suggestions given in the previous study are not highly suitable for choosing a suitable tax saving scheme at present to reduce tax liability. Awareness of tax planning is also needed for selecting a suitable tax saving scheme Order of prionty by the salaried assessees for investment in tax savings scheme is a must for tax devising authorities. Hence, in order to bridge the gap found in the earlier studies this study is undertaken

6. Achar (2012) Saving and Investment behavio, IJPSS Volume 2, Issue 8, ISSN: 2249-5894 :

Examined teachers' investment and saving habits. Age, gender, marital status, lifestyles, family income per month, and household phases of life and rearing status of people all played a role in the investing behavior of the teaching profession. The purpose of the study by Bhardwaj, Sharma, and Sharma (2013) was to examine how Bahra University employees in the Solan District invested their money. It was discovered that the teaching community decided to make investments in bank deposits since they were largely uninformed about the investing options in the stock market as well as other financial products.

7. Totala (2016) :

Conducted a study to determine Indore residents' preferences for investments. It has been discovered that classic plans where are money is invested the most frequently when contrasted to other financial products. The study suggested that the investment curriculum be used to raise awareness. Taking into account the suitable rate and tax advantages associated with various elements and tools, Kani (2016) examined them.

Scope of Study :

- Analyzing recent trends in income tax filings, zero tax liability declarations, and gross direct tax collection
- Conducting a comparative analysis of different studies for a comprehensive understanding of income tax planning dynamics.
- Investigating the influence of income tax on saving and investment behaviors, considering changing tax rates.
- Exploring popular strategies for tax benefits, such as life insurance, provident fund contributions, and fixed deposits.
- Examining the saving and investment behavior of specific groups, considering age, gender, marital status, lifestyle, and income.
- Assessing the changing provisions of the Income Tax Act and the suitability of tax-saving schemes.

CHAPTER III :

PROFILE OF THE ORGANIZATION

CHAPTER III : PROFILE OF THE ORGANIZATION

Company Profile :

Accounting and Consultancy Service Industry provides Accounting & Consultancy services to small, medium, and large business entities or companies. That provides accounting services with the help technology up-gradation of fintech industry. This industry provides system to record data in the computer networks at several sites link via communication systems equipment. Qualified Accountants having great demand in the field of accounting and finance for their Critical, Respected voice and leadership quality needs to every organization. Accounting is a day-to-day activity in the business, and it is a continuing involved through the systemized use of data and new modeling techniques. Recent changes happen in the field of finance for that qualified and specialist peoples demand has increases for providing the guidance and service to the industry. Accounting professionals plays vital role in the decision-making process of financial management of the company. They apply a unique skill set in the process of recording of transactions that can address a variety of tasks and functions of businesses.

Basically, in accounting and finance duties includes following tasks or processes:

- Payroll
- Tax reporting
- Preparing and analyzing financial documentation
- Inventory Accounting
- Recording a proper documentation and ensuring proper records
- Financial waste Identification process
- Prevention of financial criminal activity
- Financial planning and consulting.

Leading Institutes in the Area of Certified Public Accountant

The Certified Public Accountant (CPA) is the First standard of competence in the field of Accountancy across the globe. The exam is conducted by the American Institute of Certified Public Accountants (AICPA), which is the world's highest accounting professional institute.

About ICAI – Institute of Chartered Accountants of India

The Institute work under the administrative control of MCA- Ministry of Corporate Affairs, Government of India. The ICAI is the second largest professional accounting body in the world and largest professional accounting institute of India in the ownership of Ministry of Corporate Affairs, Government of India. And it provides a strong tradition of service to the Indian economy in public and private sector.

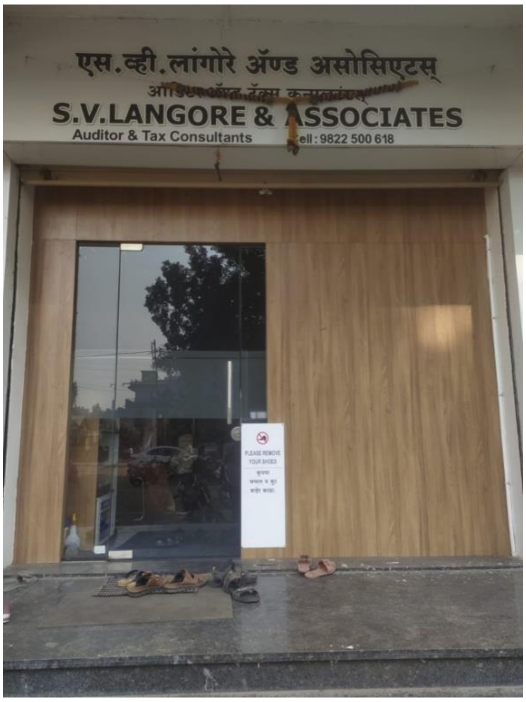
Chartered Accountants who work in practice for provide financial services to corporate. It includes Auditing, taxation, accounting, financial analysis, risk management and advisory services on financial structures. Chartered Accountants is a preliminary body of government of India who control government laws and regulations. It is a firm works in all sector of business and finance. Some CA professionals are engaged in Public Practice work, others work in the private sector and some are employed on government bodies.

For entering in this industry it should require to qualify CA Profession from ICAI - Institute of Chartered Accountants of India. In India, accounting standards and auditing standards are introduced by the National Financial Reporting Authority(NFRA) to the Government of India which finalized the Standards on Auditing (SAS) to be followed in the audit of financial statements in India. The other reputed accounting research institutes in India these are Institute of Cost Accountants of India (ICMAI) and University of Delhi, University of Calicut and University of Mumbai.

About the Company :

(Table No.3.1)

Name of the company	S.V Langore and Associate Auditor and Tax Consultants
Address	Opposite to Market Yard, Nagar – Manmad Road, Rahuri, Tal. Rahuri, Dist. Ahmednagar, 413705
Establishment Date	2007
Registration Type	Regular
Contact Information	Office Mobile No : 9822500618 Swapnil Langore : 9970181898
Gmail	Swapnillangore@gmail.com
Number of Employees Working	05



Overview:

S.V Langore and Associate Auditor and Tax Consultants is a professional services firm specializing in auditing and consultancy services for a diverse range of clients. With a commitment to excellence and a team of highly qualified professionals, we provide tailored solutions to meet the financial and strategic needs of our clients**.**

Services:

Following Services firm provides-:

1. Income tax planning & Filing

    Return Filing, Audit, Assessments & Appeals

2. GST Compliances

    Registrations, Return Filing & Consultancy

3. TDS Compliances
4. RERA Compliances Services
5. ROC Compliances Services
6. Auditing
    a. Internal Audits
    b. Special Audits
    c. Ban Audits
    d. Statutory Audits
    e. Stock Audits
7. Project Financing
8. Startup Consultancy
9. Business Advisory Services
10. Financial Consultancy

About Founder of the Firm :

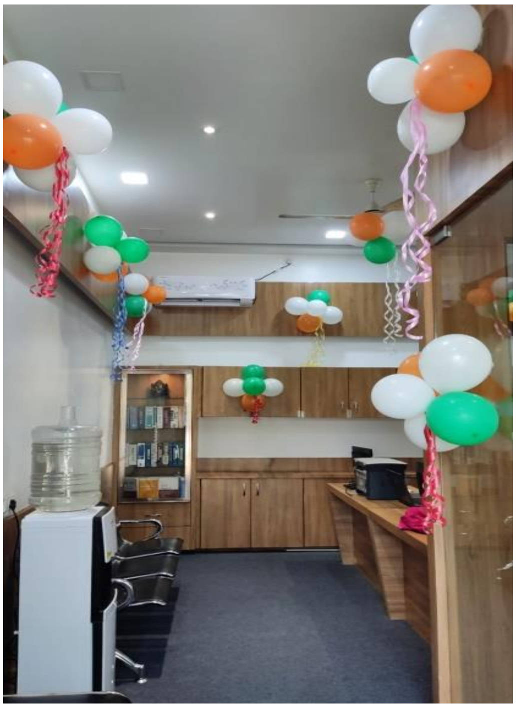
- Mr. Swapnil Langore is a qualified Chartered Accountant (CA), C and Cost & Management Accountant.
- He has rich knowledge in the area of Direct & Indirect Taxes.
- He has experience to handle assessments & appeal proceedings before assessing Officer in case of individual as well as corporate assesse.
- He has experience as a financial advisor /consultant of many clients.
- He has exposure of TDS Matters, Handling RERA Project Compliances, ROC Compliances and Project Financing etc.

Vision:

"To be a trusted partner in financial excellence, delivering comprehensive auditing and tax consultancy services with unwavering integrity and a commitment to client success."

Mission:

"Our mission is to provide expert auditing and tax consultancy services that empower our clients to make informed financial decisions, achieve compliance, and unlock their full financial potential. We do this by leveraging our deep industry knowledge, ethical principles, and innovative approaches, always striving for excellence in all that we do."



Historical background of the organization :

As an organization, Swapnil Langore has been consistently investing professional expertise for Businesses. As a specialized service provider S.V Langore and Associate Auditor and Tax Consultants is a congregation of Qualified Chartered Accountants and other professionals having more than 25 years of experience across different industries and sectors and committed to providing sound financial solutions and advice. We are focused on garnering real-world solutions to complex Business, Finance & Compliance issues.

CHAPTER IV:
RESEARCH METHODOLOGY

CHAPTER IV: RESEARCH METHODOLOGY

4.1 Introduction :

Research may be very broadly defined as systematic gathering of data and information and its analysis for advancement of knowledge in any subject. Research attempts to find answer intellectual and practical questions through application of systematic methods. Research is an academic activity and as such the term should be used in a technical sense. According to Clifford Woody research comprises defining and redefining problems, formulating hypothesis or suggested solutions; collecting, organizing and evaluating data; making deductions and reaching conclusions; and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis.

4.2 Data Collection

Data collection is a process of collecting information from all the relevant sources to find answers to the research problem, test the hypothesis and evaluate the outcomes. Data collection methods can be divided into two categories: secondary methods of data collection and primary methods of data collection.

4.3 Secondary Data :

Secondary data refers to information that has already been collected, analyzed, and published by someone else. In this case, the tax-related information, income details, and scenarios presented in the cases seem to be pre-existing data that you have used for the purpose of tax planning computations.

4.5 Objective or the study/ Research Objectives :

1. To study on income tax planning instruments.
2. To understand tax planning instruments among individual assesse.
3. To analyse and evaluate selected cases of individual assesse.

4.6 Limitations of the Study :

Including the complexity of tax laws, individual variations, uncertainty in future tax regulations, risks associated with aggressive strategies, economic and market volatility, lack of financial literacy, dependency on professionals, personal and economic factors, limited resources for some individuals, and global considerations for those with international income. Despite these challenges, staying informed, seeking professional advice, and adapting strategies to individual circumstances can help navigate the complexities of income tax effectively.

CHAPTER V :
ANALYSIS AND INTERPRETATION OF DATA

CHAPTER V : ANALYSIS AND INTERPRETATION OF DATA

Case 1 :

Mr. Krishna, aged 40 years, has the following two income sources and deductions:

1. **Salary Income:**
   - Basic Salary: ₹1,60,000 per month
   - House Rent Allowance (HRA): ₹35,000 per month
2. **Business Income:**
   - Profit from a small business: ₹5,00,000
3. **Deductions under Section 80:**
   - Life Insurance Premium: ₹45,000
   - Provident Fund Contribution: ₹55,000

(Table.No5.1)

Particulars	Amt.	Amt.
Salaries		
Basic Salary: ₹1,60,000 x 12		19,20,000
HRA: ₹35,000 x 12		4,20,000
Gross Salary		23,40,000
Less: Standard Deduction u/s 16(ia)		50,000
Total Salary Income		22,90,000
Business Income		
Profit from Business		5,00,000
Total Income		27,90,000
Deductions under Section 80		
Life Insurance Premium	45,000	
Provident Fund Contribution	55,000	
Total Deductions		1,00,000
Taxable Income		26,90,000

Computation of Tax Liability		
Income Tax Slabs (New Rates)		
Tax @5% on ₹2,50,000 (up to ₹2,50,000)	12,500	
Tax @20% on ₹24,40,000 (₹26,90,000 - ₹2,50,000)	4,88,000	
Tax @30% on ₹3,00,000 (₹27,90,000 - ₹24,90,000)	90,000	
Total Income Tax		5,90,500
Health & Education Cess @ 4%		23,620
Total Tax Liability		6,14,120

Case 2 :

Mr. Harsh, aged 40 years, has the following income sources and deductions for the A.Y. 2022-23:

1. Salary Income:
    - Basic Salary: ₹80,000 per month
    - House Rent Allowance (HRA): ₹25,000 per month
    - Special Allowance: ₹15,000 per month
2. Business Income:
    - Profit from a small consulting business: ₹3,50,000
3. Interest Income:
    - Interest income from a fixed deposit: ₹20,000
4. Deductions under Section 80:
    - Life Insurance Premium: ₹15,000
    - Provident Fund Contribution: ₹30,000
    - National Pension Scheme (NPS) Contribution: ₹20,000

(Table No.5.2)

Particulars	Amt.	Amt.
Salaries		
Basic Salary : ₹ 80000 x12		9,60,000
HRA: ₹25,000 x 12		3,00000
Special Allowance: ₹15,000 x 12		1,80,000
Gross Salary		**14,40,000**
Less: Standard Deduction u/s 16(ia)		50000
Total Salary Income		13,90,000
Business Income		
Profit from Business		3,50,000
Interest Income		
Interest Income		20,000
Total Income		17,60,000
Deductions under Section 80		
Life Insurance Premium	15,000	
Provident Fund Contribution	30,000	
NPS Contribution	20,000	65,000
Net Taxable Income		**16,95,000**
Computation of Tax Liability		
Income Tax Slabs:		
Tax @5% on ₹2,50,000 (up to ₹2,50,000)	12,500	
Tax @10% on ₹2,50,000 to ₹5,00,000 (₹5,00,000 - ₹2,50,000)	25,000	
Tax @20% on ₹7,45,000 (₹17,95,000 - ₹10,00,000)	1,49,000	
Total Income Tax		**1,86,500**
Health & Education Cess @ 4%		7,460
Total Tax Liability		**1,93,960**

Case 3 :

Mr. Santosh, aged 35 years, has the following income sources and deductions:

1. Salary Income:
    - Basic Salary: ₹1,20,000 per month
    - House Rent Allowance (HRA): ₹30,000 per month
2. Business Income:
    - Profit from a small business: ₹4,00,000
3. Deductions under Section 80:
    - Life Insurance Premium: ₹35,000
    - Provident Fund Contribution: ₹40,000

(Table No.5.3)

Particulars	**Amt.**	**Amt.**
Salaries		
Basic Salary: ₹1,20,000 x 12		14,40,000
HRA: ₹30,000 x 12		3,60,000
Gross Salary		**18,00,000**
Less: Standard Deduction u/s 16(ia)		50,000
Total Salary Income		**17,50,000**
Business Income		
Profit from Business		4,00,000
Total Income		**21,50,000**
Deductions under Section 80		
Life Insurance Premium		35,000
Provident Fund Contribution		40,000
Total Deductions		75,000
Taxable Income		**20,75,000**
Computation of Tax Liability		
Income Tax Slabs (New Rates)		

Tax @5% on ₹2,50,000 (up to ₹2,50,000)	12,500	
Tax @20% on ₹20,75,000 (₹20,75,000 - ₹2,50,000)	4,05,000	
Total Income Tax		**4,17,500**
Health & Education Cess @ 4%		16,700
Total Tax Liability		**4,34,200**

Case 4 :

Mr. Pradip, aged 45 years, has the following income sources and deductions:

1. Salary Income:
   - Basic Salary: ₹1,80,000 per month
   - House Rent Allowance (HRA): ₹50,000 per month
2. Business Income:
   - Profit from a small business: ₹7,00,000
3. Deductions under Section 80:
   - Life Insurance Premium: ₹50,000
   - Provident Fund Contribution: ₹60,000

(Table No.5.4)

Particulars	Amt.	Amt.
Salaries		
Basic Salary: ₹1,80,000 x 12		21,60,000
HRA: ₹50,000 x 12		6,00,000
Gross Salary		**27,60,000**
Less: Standard Deduction u/s 16(ia)		50,000
Total Salary Income		**27,10,000**
Business Income		
Profit from Business		7,00,000
Total Income		**34,10,000**
Deductions under Section 80		

Life Insurance Premium	50,000	
Provident Fund Contribution	60,000	
Total Deductions		1,10,000
Taxable Income		**33,00,000**
Computation of Tax Liability		
Income Tax Slabs (New Rates)		
Tax @5% on ₹2,50,000 (up to ₹2,50,00	12,500	
Tax @20% on ₹30,00,000 (₹33,00,000 - ₹2,50,000)	6,00,000	
Total Income Tax		**6,12,500**
Health & Education Cess @ 4%		24,500
Total Tax Liability		**6,37,000**

Case 5 :

Mr. Swapnil, aged 45 years, has the following income sources and deductions:

1. Salary Income:
    - Basic Salary: ₹1,20,000 per month
    - House Rent Allowance (HRA): ₹35,000 per month
2. Rental Income:
    - Rental income from a property: ₹2,00,000 per annum
3. Capital Gains:
    - Short-term capital gains from the sale of stocks: ₹1,50,000
4. Deductions under Section 80:
    - Contribution to Employee Provident Fund (EPF): ₹50,000
    - Life Insurance Premium: ₹25,000
    - National Pension Scheme (NPS) Contribution: ₹30,000

(Table No.5.5)

Particulars	Amt.	Amt.
Salaries		
Basic Salary: ₹1,20,000 x 12		14,40,000
HRA: ₹35,000 x 12		420000
Gross Salary		**18,60,000**
Less: Standard Deduction u/s 16(ia)		50,000
Total Salary Income:		**18,10,000**
Rental Income:		
Rental Income		2,00000
Capital Gains:		
Short-term Capital Gains		1,50,000
Total Income		**21,60,000**
Deductions under Section 80:		
EPF Contribution	50,000	
Life Insurance Premium	25,000	
NPS Contribution	30,000	
Total Deductions		105000
Net Taxable Income		**20,55,000**
Computation of Tax Liability		
Income Tax Slabs (Old Rates):		
Tax @5% on ₹2,50,000 (up to ₹2,50,000)	12,500	
Tax @20% on ₹7,50,000 (₹10,00,000 - ₹2,50,000)	1,50,000	
Tax @30% on ₹10,55,000 (₹20,55,000 - ₹10,00,000)	3,16,500	
Total Income Tax		**4,79,000**
Health & Education Cess @ 4%		19,160
Total Tax Liability		**4,98,160**

Case 6 :

Mr. Jaydip, aged 40 years, has the following income sources and deductions:

1. Salary Income:
    - Basic Salary: ₹1,60,000 per month
    - House Rent Allowance (HRA): ₹40,000 per month
2. Business Income:
    - Profit from a small business: ₹5,00,000
3. Deductions under Section 80:
    - Life Insurance Premium: ₹45,000
    - Provident Fund Contribution: ₹55,000

(Table No.5.6)

Particulars	Amt.	Amt.
Salaries		
Basic Salary: ₹1,60,000 x 12		19,20,000
HRA: ₹40,000 x 12		4,80,000
Gross Salary		**24,00,000**
Less: Standard Deduction u/s 16(ia)		50,000
Total Salary Income		**23,50,000**
Business Income		
Profit from Business		5,00,000
Total Income		**28,50,000**
Deductions under Section 80		
Life Insurance Premium	45,000	
Provident Fund Contribution	55,000	
Total Deductions		1,00,000
Taxable Income		**27,50,000**
Computation of Tax Liability		
Income Tax Slabs (New Rates)		

Tax @5% on ₹2,50,000 (up to ₹2,50,000)	12,500	
Tax @10% on ₹2,50,000 to ₹5,00,000 (₹5,00,000 - ₹2,50,000)	25,000	
Tax @15% on ₹5,00,000 to ₹7,50,000 (₹7,50,000 - ₹5,00,000)	37,500	
Tax @20% on ₹7,50,000 to ₹10,00,000 (₹10,00,000 - ₹7,50,000)	50,000	
Tax @30% on ₹17,50,000 (₹27,50,000 - ₹10,00,000)	5,25,000	
Total Income Tax		**6,50,000**
Health & Education Cess @ 4%		26,000
Total Tax Liability		**6,76,000**

Case 7 :

Mr. Ajay, aged 45 years, has the following three income sources and deductions:

1. Salary Income:
   - Basic Salary: ₹2,00,000 per month
   - House Rent Allowance (HRA): ₹60,000 per month
2. Business Income:
   - Profit from a small business: ₹8,00,000
3. Income from Other Sources:
   - Interest income from fixed deposits: ₹1,00,000
4. Deductions under Section 80:
   - Life Insurance Premium: ₹80,000
   - Provident Fund Contribution: ₹1,00,000

(Table No.5.7)

Particulars	Amt.	Amt.
Salaries		
Basic Salary: ₹2,00,000 x 12		24,00,000
HRA: ₹60,000 x 12		7,20,000
Gross Salary		**31,20,000**
Less: Standard Deduction u/s 16(ia)		50,000
Total Salary Income		**30,70,000**
Business Income		
Profit from Business		8,00,000
Income from Other Sources		
Interest Income		1,00,000
Total Income		**39,70,000**
Deductions under Section 80		
Life Insurance Premium	80,000	
Provident Fund Contribution	1,00,000	
Total Deductions		1,80,000
Taxable Income		**37,90,000**
Computation of Tax Liability		
Income Tax Slabs (New Rates)		
Tax @5% on ₹2,50,000 (up to ₹2,50,000)	12,500	
Tax @20% on ₹22,50,000 (₹25,00,000 - ₹2,50,000)	4,50,000	
Tax @30% on ₹12,40,000 (₹37,90,000 - ₹25,00,000)	3,72,000	
Total Income Tax		**4,34,500**
Health & Education Cess @ 4%		17,380
Total Tax Liability		**4,51,880**

Case 8 :

Mr. Bhausaheb, aged 55 years, has the following four income sources and deductions:

1. Salary Income:
    - Basic Salary: ₹2,20,000 per month
    - House Rent Allowance (HRA): ₹50,000 per month
2. Business Income:
    - Profit from a small business: ₹8,00,000
3. Income from Other Sources:
    - Interest income from fixed deposits: ₹1,50,000
4. Capital Gains:
    - Gain from the sale of property: ₹5,00,000
5. Deductions under Section 80:
    - Life Insurance Premium: ₹75,000
    - Provident Fund Contribution: ₹80,000

(Table No.5.8)

Particulars	**Amt.**	**Amt.**
Salaries		
Basic Salary: ₹2,20,000 x 12		26,40,000
HRA: ₹50,000 x 12		6,00,000
Gross Salary		**32,40,000**
Less: Standard Deduction u/s 16(ia)		50,000
Total Salary Income		**31,90,000**
Business Income		
Profit from Business		8,00,000
Income from Other Sources		
Rental Income		1,50,000
Capital Gains		

Gain from Capital Gains		5,00,000
Total Income		**46,40,000**
Deductions under Section 80		
Life Insurance Premium	75,000	
Provident Fund Contribution	80,000	
Total Deductions		1,55,000
Taxable Income		**44,85,000**
Computation of Tax Liability		
Income Tax Slabs (New Rates)		
Tax @5% on ₹2,50,000 (up to ₹2,50,000)	12,500	
Tax @20% on ₹22,50,000 (₹25,00,000 - ₹2,50,000)	4,50,000	
Tax @30% on ₹11,60,000 (₹36,10,000 - ₹25,00,000)	5,95,500	
Total Income Tax		**10,58,000**
Health & Education Cess @ 4%		42,320
Total Tax Liability		**11,00,320**

Case 9 :

Mr. Shubham, aged 38 years, has the following income sources and deductions:

1. Salary Income:
    - Basic Salary: ₹1,25,000 per month
    - House Rent Allowance (HRA): ₹40,000 per month
2. Business Income:
    - Profit from a small business: ₹5,00,000
3. Interest Income:
    - Interest income from fixed deposits: ₹25,000
4. Deductions under Section 80:
    - Life Insurance Premium: ₹30,000
    - Provident Fund Contribution: ₹45,000
    - National Pension Scheme (NPS) Contribution: ₹35,000

(Table No.5.9)

Particulars	Amt.	Amt.
Salaries		
Basic Salary: ₹1,25,000 x 12		15,00,000
HRA: ₹40,000 x 12		480000
Gross Salary		1980000
Less: Standard Deduction u/s 16(ia)		50000
Total Salary Income		**1930000**
Business Income		
Profit from Business		500000
Interest Income		
Interest Income		25000
Total Income		**2455000**
Deductions under Section 80		
Life Insurance Premium	30,000	
Provident Fund Contribution	45,000	
NPS Contribution	35,000	
Total Deductions		**1,10,000**
Net Taxable Income		**23,45,000**
Computation of Tax Liability		
Income Tax Slabs (New Rates)		
Tax @5% on ₹2,50,000 (up to ₹2,50,000)	12,500	
Tax @10% on ₹2,50,000 to ₹5,00,000 (₹5,00,000 - ₹2,50,000)	25,000	
Tax @15% on ₹5,00,000 to ₹7,50,000 (₹7,50,000 - ₹5,00,000)	37,500	
Tax @20% on ₹7,50,000 to ₹10,00,000 (₹10,00,000 - ₹7,50,000)	50,000	
Tax @30% on ₹13,45,000 (₹23,45,000 - ₹10,00,000)	4,03,500	
Total Income Tax		**5,28,500**
Health & Education Cess @ 4%		21,140
Total Tax Liability		**5,49,640**

Case 10 :

Mr. Rohit, aged 40 years, has the following income sources and deductions:

1. Salary Income:
   - Basic Salary: ₹1,80,000 per month
   - House Rent Allowance (HRA): ₹45,000 per month
2. Business Income:
   - Profit from a small business: ₹6,00,000
3. Interest Income:
   - Interest income from fixed deposits: ₹30,000
4. Deductions under Section 80:
   - Life Insurance Premium: ₹40,000
   - Provident Fund Contribution: ₹60,000
   - National Pension Scheme (NPS) Contribution: ₹50,000

(Table No.5.10)

Particulars	Amt.	Amt.
Salaries		
Basic Salary: ₹1,80,000 x 12		21,60,000
HRA: ₹45,000 x 12		5,40,000
Gross Salary		**27,00,000**
Less: Standard Deduction u/s 16(ia)		50,000
Total Salary Income		**26,50,000**
Business Income		
Business Income		6,00000
Interest Income		
Interest Income		30,000
Total Income		**32,80,000**

Deductions under Section 80		
Life Insurance Premium	40,000	
Provident Fund Contribution	50,000	
NPS Contribution	60,000	
Total Deductions		1,50,000
Net Taxable Income		**31,30,000**
Computation of Tax Liability		
Income Tax Slabs (New Rates)		
Tax @5% on ₹2,50,000 (up to ₹2,50,000)	12,500	
Tax @10% on ₹2,50,000 to ₹5,00,000 (₹5,00,000 - ₹2,50,000)	25,000	
Tax @15% on ₹5,00,000 to ₹7,50,000 (₹7,50,000 - ₹5,00,000)	37,500	
Tax @20% on ₹7,50,000 to ₹10,00,000 (₹10,00,000 - ₹7,50,000)	50,000	
Tax @30% on ₹21,30,000 (₹31,30,000 - ₹10,00,000)	6,39,000	
Total Income Tax		**7,64,000**
Health & Education Cess @ 4%		30,560
Total Tax Liability		**7,94,560**

Case 11 :

Mr. Abhay, aged 45 years, has the following income sources and deductions:

1. Salary Income:
    - Basic Salary: ₹2,00,000 per month
    - House Rent Allowance (HRA): ₹55,000 per month
2. Business Income:
    - Profit from a small business: ₹8,00,000
3. Interest Income:
    - Interest income from fixed deposits: ₹40,000
4. Deductions under Section 80:

- Life Insurance Premium: ₹60,000
- Provident Fund Contribution: ₹70,000
- National Pension Scheme (NPS) Contribution: ₹55,000

(Table No.5.11)

Particulars	Amt.	Amt.
Salaries		
Basic Salary: ₹2,00,000 x 12		24,00,000
HRA: ₹55,000 x 12		6,60,000
Gross Salary		**30,60,000**
Less: Standard Deduction u/s 16(ia)		50,000
Total Salary Income		**30,10,000**
Business Income		
Profit from Business		8,00,000
Interest Income		
Interest Income		40,000
Total Income		**38,50,000**
Deductions under Section 80		
Life Insurance Premium	60,000	
Provident Fund Contribution	70,000	
NPS Contribution	55,000	
Total Deductions		**1,85,000**
Taxable Income		**36,65,000**
Computation of Tax Liability		
Income Tax Slabs (New Rates)		
Tax @5% on ₹2,50,000 (up to ₹2,50,000)	12,500	
Tax @10% on ₹2,50,000 to ₹5,00,000 (₹5,00,000 - ₹2,50,000)	25,000	
Tax @15% on ₹5,00,000 to ₹7,50,000 (₹7,50,000 - ₹5,00,000)	37,500	
Tax @20% on ₹7,50,000 to ₹10,00,000 (₹10,00,000 - ₹7,50,000)	50,000	
Tax @30% on ₹26,15,000 (₹36,65,000 - ₹10,00,000)	7,84,500	
Total Income Tax		**8,09,500**
Health & Education Cess @ 4%		32,380
Total Tax Liability		**8,41,880**

Case 12 :

Mr. Amit, aged 35 years, has the following income sources and deductions:

1. Salary Income:
   - Basic Salary: ₹1,50,000 per month
   - House Rent Allowance (HRA): ₹30,000 per month
2. Business Income:
   - Profit from a small business: ₹6,50,000
3. Interest Income:
   - Interest income from fixed deposits: ₹20,000
4. Deductions under Section 80:
   - Life Insurance Premium: ₹35,000
   - Provident Fund Contribution: ₹40,000
   - National Pension Scheme (NPS) Contribution: ₹30,000

(Table No.5.12)

Particulars	Amt.	Amt.
Salaries		
Basic Salary: ₹1,50,000 x 12		18,00,000
HRA: ₹30,000 x 12		3,60,000
Gross Salary		**21,60,000**
Less: Standard Deduction u/s 16(ia)		50,000
Total Salary Income		**21,10,000**
Business Income		
Profit from Business		6,50,000
Interest Income		
Interest Income		20,000
Total Income		**27,80,000**
Deductions under Section 80		
Life Insurance Premium	35,000	
Provident Fund Contribution	40,000	
NPS Contribution	30,000	

Total Deductions		1,05,000
Taxable Income		**26,75,000**
Computation of Tax Liability		
Income Tax Slabs (New Rates)		
Tax @5% on ₹2,50,000 (up to ₹2,50,000)	12,500	
Tax @10% on ₹2,50,000 to ₹5,00,000 (₹5,00,000 - ₹2,50,000)	25,000	
Tax @15% on ₹5,00,000 to ₹7,50,000 (₹7,50,000 - ₹5,00,000)	37,500	
Tax @20% on ₹7,50,000 to ₹10,00,000 (₹10,00,000 - ₹7,50,000)	50,000	
Tax @30% on ₹16,25,000 (₹26,75,000 - ₹10,00,000)	4,87,500	
Total Income Tax		**6,12,500**
Health & Education Cess @ 4%		24,500
Total Tax Liability		**6,37,000**

CHAPTER VI:

FINDINGS, CONCLUSIONS AND SUGGESTIONS

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A. Findings :

- Individuals exhibit diverse income sources, including salary, business profits, rental income, interest income, and capital gains.
- Deductions under Section 80 significantly impact taxable income, showcasing the importance of strategic financial planning and understanding available tax benefits.
- Tax liabilities vary among individuals due to differences in income levels, deductions claimed, and the composition of income sources.
- The standard deduction under Section 16(ia) plays a role in reducing taxable income for salaried individuals, contributing to overall tax planning.
- Despite differences in age, the income tax slabs and progressive tax structure lead to consistent patterns in tax liability calculation.
- The application of Health & Education Cess at 4% is a standard practice, contributing to the total tax liability.
- The data underscores the importance of proactive tax planning, as deductions and exemptions can significantly influence the final tax burden.
- Each individual's financial situation is unique, highlighting the necessity for personalized tax strategies to optimize benefits and minimize tax liabilities.
- Demonstrates the need for individuals to stay informed about tax laws and regulations to ensure compliance and make informed financial decisions.
- Individuals can benefit from strategically utilizing available deductions, such as life insurance premiums, provident fund contributions, and NPS contributions.

Case-Specific Observations :

Case 1 - Mr. Krishna :

- High combined salary and business income lead to a substantial tax liability.
- Effective utilization of HRA and business-related deductions to optimize tax.

Case 2 - Mr. Harsh :

- Diverse income sources add complexity.
- Significant deductions, including NPS, help manage higher income impact.

Case 3 - Mr. Santosh :

- Balanced tax liability with a combination of salary and business income.
- Efficient use of standard deduction and Section 80 deductions.

Case 4 - Mr. Pradip :

- Significant salary and business income contribute to a higher tax liability.
- Standard deduction and Section 80 deductions utilized effectively.

Case 5 - Mr. Swapnil :

- Complexity due to multiple income sources: salary, rental, and capital gains.
- Substantial deductions offset the impact of higher income.

Case 6 - Mr. Jaydip :

- Effective tax planning with a mix of salary and business income.
- Efficient use of standard deduction and Section 80 deductions.

Case 7 - Mr. Ajay :

- Balanced tax liability with three income sources: salary, business, and other.
- Complexity managed through various deductions under Section 80.

Case 8 - Mr. Bhausaheb :

- Complexity arising from salary, business, rental, and capital gains.
- Strategic use of deductions, including standard deduction and Section 80.

Case 9 - Mr. Shubham :

- Well-distributed income sources: salary, business, and interest.
- Effective utilization of deductions to reduce overall tax liability.

Case 10 - Mr. Rohit :

- Complexity due to salary, business, and interest income.
- Strategic use of standard deduction and Section 80 deductions.

Case 11 - Mr. Abhay :

- Balanced tax liability with a mix of salary, business, and interest income.
- Effective utilization of deductions, including standard deduction and Section 80.

Case 12 - Mr. Amit :

- Well-distributed income among salary, business, and interest.
- Efficient use of standard deduction and Section 80 deductions.

B. Conclusions

The primary goal of this project report was to identify the need and the requirement for a company to conduct tax planning process. The analysis of the income tax data from various cases underscores the intricate nature of tax planning and the substantial impact it has on an individual's financial landscape. The diverse income sources, ranging from salaries and business profits to rental and interest income, highlight the need for a comprehensive approach to financial management. The strategic utilization of deductions under Section 80, including life insurance premiums, provident fund contributions, and NPS contributions, emerges as a critical aspect in reducing taxable income.

Furthermore, the consistent application of the progressive tax structure across different age groups emphasizes the importance of a nuanced understanding of tax laws. The standard deduction under Section 16(ia) plays a crucial role in mitigating tax burdens for salaried individuals, contributing to the overall efficacy of tax planning.

These project study collectively underscore the necessity for individuals to engage in proactive tax planning to optimize benefits and minimize tax liabilities. The project reinforces the idea that a one-size-fits-all approach is not suitable, as each individual's financial situation is unique. By staying informed about tax laws and regulations, individuals can make informed decisions, strategically utilizing available deductions to their advantage. Ultimately, the data showcases that effective tax planning is not just a financial exercise but a key component of responsible financial management, ensuring both compliance with tax regulations and the maximization of financial well-being.

C. Suggestions

- Every person who is who is liable to pay tax must regularly pay income tax so that government can take initiatives for infrastructure and various schemes for society.
- Majority of people should have tax awareness and they should be also aware about tax saving schemes and instruments people should invest and save their money for future benefit.
- Each and every tax counselor at **S. V. Langore and Associates Auditor and Tax Consultants** was required to have their own unique client-only contact number, which posed a significant challenge.
- Company's online presence needs to be improved.
- Individuals can discuss the union budget with their tax expert to gain financial and tax awareness

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