

TAX MANAGEMENT AND PLANNING (Part 1 of 2...)

Tax planning means reduction of **tax** liability by the way of **exemptions, deductions and benefits**. **Tax planning** in India allows a taxpayer to make the best use of the various **tax** allowances, exemptions, deductions and benefits to minimize their **tax** liability every financial year.

Heading	Particulars
Tax Management	Tax management means planning affairs in such a manner, so that the tax obligation is managed properly. The objective of tax management is to comply with the provisions of Income Tax Law and its allied rules. <u>Tax management helps in avoiding payment of interest, penalty, prosecution etc.</u> Deductions under section 80C i.e. Insurance Premium, 80CCD of the Act are the part of tax management.
Tax Planning	Taxes can guzzle your annual earnings. To control this, <u>tax planning is a legitimate</u> way of reducing your tax liabilities in any financial year. It helps you to utilise the tax exemptions, deductions, and benefits offered by the authorities in the best possible way to <u>minimise your liability</u> . It involves the process of <u>arranging business operations in such a way that reduces tax liability</u> . Tax Management deals with doing Statutory Compliances in time; Making Statutory payments within due date Getting the Accounts Audited, Deducting & Depositing tax at source in time etc. are part of Tax Planning.
Tax Evasion	Tax Evasion is using <u>illegal means to avoid paying taxes</u> . It involves hiding or misrepresenting income, under reporting of income, inflating deductions without proof, hiding or not reporting cash transactions, or hiding money in offshore accounts are the examples of tax evasion which is a tax fraud, which is illegal & intentional non-payment of taxes. Fraud can be defined as “an act of deceiving or misrepresenting”. It is not legally permissible under taxing statute.
Tax Avoidance	Tax avoidance means taking undue advantage of the <u>loopholes, lacunae or drafting mistake for reducing tax liability and thus avoiding payment of tax which is lawfully payable</u> . Tax avoidance can be done by adjusting the accounts in such a manner that there will be no violation of tax rules. Tax avoidance is an activity of taking unfair advantage of the shortcomings in the tax rules by finding new ways to avoid the payment of taxes that are within the limits of the law. Tax avoidance might be lawful but in some cases it could come in the category of crime. It is done by twisting or interpreting the provision of law and avoiding payment of tax.

ADVANTAGES OF TAX PLANNING:

1. **Save tax**. The main objective in **tax planning** is to reduce the amount of tax you pays by maximising its deductibles.
2. **More to invest** – By knowing your tax liabilities, you can reinvest funds that would otherwise have been earmarked for tax back into your business.

Disclaimer: -

The content herein is provided for understanding of Law and shall not be construed as Legal Advice or Legal Service

3. **Strategise** – Tax planning is a great opportunity to look at the options open to your business and fine-tune its strategies in all areas while we’re analysing its data carefully.
4. **Peace of mind** – Eliminate unnecessary stress and uncertainty by knowing just what your business’s tax liability will be and make business decisions from a firm, stable, factual base.
5. **Utilise recent Budget changes** – Any applicable federal Budget measures can be taken into consideration, as our agents have up-to-date tax knowledge. This ensures that your business can achieve the best possible tax outcome and that it does not miss out on any useful incentive schemes.

WHY WAIT UNTIL THE LAST MINUTE TO PLAN YOUR TAXES?

We are Happy to Assist You.

Please feel free to reach out to us!!!

E-mail us at	➤ kbaglacs@gmail.com , ➤ maheshgbagla@gmail.com
Call us on	➤ +91-9049000431, +91-7249136913 ➤ +91-7875795779

Thanks and Regards
Team ~ K. Bagla & Associates
Your Compliance Partner!

Disclaimer: -

The content herein is provided for understanding of Law and shall not be construed as Legal Advice or Legal Service