PREFACE

In an organized society, tax is unavoidable because it is the price paid for administrative and political stability by the public to the Government. It is the duty of each citizen to pay due taxes in time and not to resort to any device to evade the payment of taxes. An effective tax strategy is vital for successful financial planning since payment of taxes reduces the disposable income of the tax payers. To solve the problem of tax burden, the concept of tax planning has been introduced in the Income Tax Act. Tax planning may be defined as an arrangement of one’s financial affairs in such a way that without violating in any way the legal provisions, full advantage is taken of all tax exemptions, rebates, allowances and other reliefs or benefits permitted under the Act. This will reduce the burden of taxation on the assesses as far as possible.

Tax planning is of utmost importance from the point of view of every income tax assesses having income from salaries. It not only ensures proper compliance with the provisions of the tax laws but also to see that the incidence of tax is reduced to the minimum possible extent and thereby securing that the money remaining after payment of tax is kept at the maximum level. A better understanding about tax laws and tax planning measures available under the Act would be helpful to reduce the tax burden to the minimum level. Hence tax planning involves a thorough and up to date knowledge of tax laws.

A Study on Tax Planning Measures Adopted by the Salaried Class in Kerala has been undertaken with the specific objective of studying the tax planning measures adopted by the salaried income tax assesses
working in the State of Kerala and to evaluate their extent of awareness on various provisions relating to tax laws and tax saving opportunities. The study is partly analytical and partly descriptive in nature. Purposive sampling method was adopted to select the sample size. Six hundred salaried income tax assessees working in the State of Kerala constituted the sample for the study. Primary data was collected through a structured questionnaire and AY 2010-'11 was selected as the period of study for collecting primary data. All data were tabulated and analysed with the help of statistical tools. SPSS was used for the Analysis.

The study is presented in eight chapters with an introduction to the study as the first chapter, second chapter with literature review, tax planning- an over view is the third chapter, fourth chapter deals with personal income tax reforms, fifth chapter evaluates the performance efficiency of the income tax department, sixth and seventh chapters analyse the primary data to draw meaningful inferences and the concluding chapter presents the findings of the study with suggestions and recommendations.

The overall conclusion derived from the study is that salaried class in general utilize the tax exemption opportunities, but with differences across categories. The salaried class are aware of the tax planning measures to a larger extend, but they are not fully utilizing those measures for the benefit of limiting their tax liability.