

A Study on Tax Planning Strategies among the Salaried Class in Bengaluru, India

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Abstract: *This research delves into the complex connection between tax planning strategies and personal income growth. Tax planning involves various methods designed to reduce tax obligations while boosting after tax earnings. The goal of this study is to explore how smart tax planning can enhance income generation, using a mix of theoretical insights and real-world data. It also examines how shifts in tax laws and regulations affect income growth. People who understand and apply tax planning strategies often see a noticeable increase in their actual income compared to those unaware of these approaches. By making informed tax choices, individuals and businesses can lower their tax burden, keeping more of their earnings. This extra income can then be reinvested or saved, paving the way for long-term wealth building and income growth.*

Keywords: Tax Planning, Income Generation, Tax Liabilities, After-Tax Income, Wealth Accumulation

I. INTRODUCTION

Tax planning is a strategic approach to managing finances, enabling individuals to retain more of their earnings while adhering to legal regulations. In India, the salaried class forms a significant portion of taxpayers, contributing substantially to national revenue. Bengaluru, often hailed as India's Silicon Valley, is a vibrant hub of diverse professionals from IT specialists and biotech researchers to factory workers who earn competitive salaries but face complex tax challenges. With evolving tax policies, including the choice between the deduction-rich old regime and the streamlined new regime introduced in 2020, understanding how these individuals navigate tax planning is crucial. This study investigates the awareness, preferences, and strategies of Bengaluru's salaried workforce in leveraging tax-saving options to enhance their financial stability. By exploring factors such as income, age, and profession, it aims to uncover how tax planning shapes their economic decisions and impacts the broader economy in this dynamic city.

II. REVIEW OF LITERATURE

Mohammed Umair and R. Ganapathi (2021): Focusing on 200 BPO millennials in Bengaluru, this study found that 63% invest early but lack comprehensive tax knowledge, with only 30% effectively using tax-saving options like Section 80C deductions. Unique to Bengaluru, it underscores a tech savvy yet financially naïve workforce. The authors advocate for workshops to bridge this gap, offering insights into the city's young professionals' tax planning challenges.

Yagna Vyas and Vijay R. Gondaliya (2020): This Bardoli-based study of 250 salaried individuals found that 70% rely on professional advice for tax filing, a trend likely prevalent in Bengaluru due to its complex tax environment and high living costs. A preference for safe investments like fixed deposits over riskier mutual funds suggests a need for stability, potentially mirroring Bengaluru's salaried class. The authors call for enhanced tax literacy programs.

Dhondge, Siddhaarth, and Vilas Epper (2020): This study of 120 salaried individuals found that 67% favor PPF for tax savings, a preference that may appeal to Bengaluru's risk-averse IT professionals. Only 25% explored diverse tax-saving tools, pointing to low awareness. The authors suggest urban salaried classes need broader exposure to tax strategies, directly relevant to Bengaluru's workforce.

M. Divakar Velya (2020): Velya's research on 100 individuals showed that 70% use housing loans for tax relief, a significant trend in Bengaluru's booming real estate market. However, only 35% fully leveraged related deductions,



indicating underutilization. The study recommends clearer guidelines for salaried homeowners, offering practical insights for Bengaluru's property-owning salaried class.

Bitto Benny (2018): Benny's Bangalore-based study of 200 salaried individuals found that 60% prioritize tax-saving investments like Life Insurance Corporation (LIC) policies, driven by inflation and rising costs. While basic tax awareness exists, deeper knowledge of deductions is lacking. The study suggests awareness campaigns, highly relevant for Bengaluru's salaried class seeking to optimize take-home pay.

Sonali Patil and Dr. Kalpana Nandawar (2014): This Pune-based study of 120 salaried individuals revealed that 68% prefer tax-saving instruments like PPF, a trend likely mirrored in Bengaluru's tech heavy workforce. High earners often overlook smaller deductions, missing savings opportunities. The authors emphasize financial literacy programs, applicable to Bengaluru's urban salaried class navigating complex tax systems.

Pallavi and Anuradha (2017): Surveying 150 salaried workers, this study found that 60% link tax planning to savings, a priority in Bengaluru given its high rents and living costs. While awareness of Section 80C deductions was high, effective execution lagged. The authors advocate for practical tax education, offering valuable insights for improving tax planning outcomes among Bengaluru's salaried professionals.

OBJECTIVES

- 1 To analyse and evaluate how effective tax planning influences revenue collection.
- 2 To analyse and explore individuals' perspectives on the benefits or limitations of tax management.
- 3 To analyse and examine the role of tax preparation in safeguarding personal income.
- 4 To analyse and investigate the extent of tax planning awareness among salaried individuals in reducing their tax liabilities.

III. METHODOLOGY FOR RESEARCH

Primary data encompasses original, unprocessed information obtained directly from first hand sources, such as personal accounts, and is fundamental to research for its raw authenticity. This study employs a systematic approach to data collection by gathering responses from participants. To ensure a broad spectrum of insights, we are conducting individual interviews with salaried individuals to explore their perspectives on tax planning strategies.

Secondary data refers to previously collected information by external parties, often for distinct purposes, which is repurposed to support new research. Our team has thoroughly reviewed an extensive array of scholarly articles authored by academics and students, alongside books from established publishers. Additionally, we have consulted reputable newspapers and online sources to acquire pertinent and credible information to enhance the robustness of our research.

IV. DATA ANALYSIS AND INTERPRETATION

DEMOGRAPHIC FACTORS

Particulars		Frequency	Percent
Particulars	Column 1	Frequency	Percent
	Below 30	36	54.54
Age	30-40	11	16.66
	40-50	10	15.15
	Above 50	9	13.63
	Total	66	100



	Male	38	57.57
Gender	Female	28	42.42
	Total	66	100
	Under graduation	37	56.06
Education level	Post Graduation	23	34.84
	Other	6	9.09
	Total	66	100
	0	24	36.36
No. of dependent	0 to 1	35	53.03
	1-2	7	10.60
	Total	66	100
	Unmarried	37	56.06
Marital status	Married	29	43.93
	Total	66	100

The survey is dominated by younger respondents (Below 30), suggesting tax awareness initiatives may need tailoring for this tech-savvy but less-experienced demographic. Older age groups (40-50, Above 50) are underrepresented, potentially

Males comprise over 80% of respondents, indicating potential sampling bias or a gender gap in financial engagement. This imbalance limits insights into female-specific investment behaviors, such as risk tolerance or goal-based planning. The low female participation (under 20%) may reflect cultural, educational, or accessibility barriers in financial spaces. Future surveys should actively recruit women to ensure balanced analysis skewing insights on long-term financial planning behaviors.

Most respondents hold undergraduate degrees, suggesting a moderately educated but not highly specialized audience. The lack of advanced degree holders (e.g., postgraduates) may obscure correlations between education depth and sophisticated tax strategies. This could imply a ceiling in respondents' ability to leverage complex financial instruments. Outreach might focus on simplifying advanced concepts for this group.

V. ANALYSIS

Do you believe that tax planning can help reduce your tax liability?

S no	Response	Frequency	Percent
1	Strongly Agree	16	24
2	Agree	21	31



3	Netural	26	39
4	Disagree	2	3
5	Strongly Disagree	1	1
	Total	66	100

Interpretation

The findings indicate that the majority of respondents (31 percent and 39 percent) either agree or neutral that tax planning helps in decreasing the amount of tax burden you are responsible for paying. The majority of them are of the opinion that smart tax planning may assist in reducing the amount of taxes that are owed. There is a minority of respondents who are unclear or ignorant of the usefulness of tax planning in minimising tax obligations, as shown by the small percentages of respondents who fall into the Disagree and Strongly Disagree categories (3 percent and 1 percent, respectively). When taken as a whole, the overwhelming consensus among the respondents demonstrates the perceived value and significance of tax planning in terms of controlling and decreasing tax loads. .

Are you aware of the various tax deductions and exemptions provided by the government?

Sno	Response	Frequency	Percent
1	Yes	38	57.57
2	No	10	15.15
3	Somewhat	18	27.27

Interpretation

The findings indicate that there is a certain amount of knowledge among paid persons about the exemptions and deductions that are granted by the government. agreeing with the statement that salaried people are normally aware of the deductions and exemptions offered by the government constitutes a combined majority of persons, which accounts for 57.57 percent of the total population. The level of uncertainty or unawareness regarding these deductions and exemptions is indicated by the fact that approximately 27.27 percent of individuals continue to maintain a neutral stance on this statement. This indicates that a significant number of individuals do not agree or disagree with the statement. One tiny number, around 15.15 percent, disagrees with the assertion that salaried individuals are often aware of all the deductions and exemptions granted by the government. This indicates that a minority of people have a negative perspective regarding this knowledge. A moderate majority of respondents believe that salaried individuals are aware of deductions and exemptions, a significant number of respondents held a neutral stance, and a smaller portion of respondents expressed disagreement regarding the level of awareness among salaried individuals. The results indicate that there is a mix of opinions.



Do you believe that effective tax planning contributes to your personal financial growth?

Sno	Response	Frequency	Percent
1	Strongly Agree	13	19.67
2	Agree	32	48.48
3	Netural	17	25.76
4	Disagree	3	4.55
5	Strongly Disagree	1	1.55
	Total	66	100

Interpretation

On the other hand, the findings indicate that the majority of respondents do feel that tax planning has an effect on the personal development of paid persons, with 19.69 percent of them strongly agreeing and 48.48 percent agreeing with this statement. There are 4.54 percent of people who disagree with the statement, and 1.51 percent of people strongly disagree with it. Those folks are of the opinion that tax planning does not make a substantial contribution to the personal development of salaried persons. There is a minority of people who disagree with the concept that tax planning plays a significant part in the personal development of paid persons, but the majority of people believe that this is the case.

Do you think the government provides enough information about tax benefits before filing taxes?

Sno	Response	Frequency	Percent
1	Strongly Agree	5	7.57
2	Agree	35	53.03
3	Netural	20	30.30
4	Disagree	5	7.57
5	Strongly Disagree	1	1.51
	Total	66	100



Interpretation

A wide variety of perspectives are reflected in the statistics with relation to the effort taken by the government to educate individuals about the advantages that are available to them prior to paying their taxes. With the government taking the initiative to provide knowledge about all the benefits to the people before they file their taxes, there is a majority of people who are in agreement with this idea, consisting of 7.57 percent of people who are strongly in agreement and 53.03 percent of people who are in agreement. The group of neutrality accounts for the highest amount, which is 30.30 percent, demonstrating that there are a substantial number of people who are neither in agreement nor disagreement with the statement. By combining the percentages of those who disagree and those who strongly disagree, a lower amount of people, 7.57 percent, are against the concept that the government actively offers information regarding tax advantages prior to the filing of taxes. The data indicates a mixed view, with a notable percentage remaining neutral, another side agreeing, and a smaller yet significant group expressing disagreement regarding the government's initiative in providing knowledge about tax benefits prior to tax filing. This suggests that a significant minority of people have a negative opinion regarding the role that the government plays in educating people about the benefits that are available to them

How often do you consult a financial advisor or tax consultant for tax planning?

Sno	Response	Frequency	Percent
1	Regularly	11	16.67
2	Occasionally	22	33.33
3	Rarely	18	27.27
4	Never	15	22.72
	Total	66	100

Interpretation:

The vast majority of workers, both those who strongly agree and those who agree, are of the opinion that they seek the advice of financial advisers or tax experts in order to minimise their tax burden. The fact that workers have a favourable attitude toward seeking expert counsel for the purpose of tax optimization is shown by this. About 27.27 percent of people continue to hold a neutral stance on this issue, which suggests that a sizeable proportion of people are neither actively in agreement nor disagreement with the concept of consulting professionals for tax optimization. This indicates that there is a degree of uncertainty or unawareness regarding this matter. There is a small percentage, approximately 22.72 percent, that is opposed to the idea of seeking professional guidance for tax optimization and consulting with financial advisers or tax consultants in order to minimise tax liability. Additionally, there is a portion that says they have a negative attitude toward seeking professional guidance. The findings indicate that there is a growing tendency among workers to seek the advice of financial experts or tax consultants in order to minimise their tax burden. However, a smaller but significant proportion of employees either refused to agree with this strategy or remained neutral.



Do you consider real estate investment as a way to generate additional income

Sno	Response	Frequency	Percent
1	Yes	40	60.60
2	No	13	19.69
3	Considering it	13	19.69
	Total	66	100

Interpretation:

This result indicates that a significant number of employees, approximately 60.60 percent of respondents who strongly agree, are considering investing in real estate as a means of generating additional income in addition to their primary income of respondents fell into the neutral category, indicating that a significant number of individuals The idea that investing in real estate may provide extra income is met with opposition from a very small number, about 19.69 percent. Based on the data, it can be observed that the majority of employees are considering the possibility of investing in real estate as a means of generating additional income in addition to their primary earnings. An even smaller but significant percentage of employees are remaining neutral regarding this perspective

VI. FINDINGS

1. 84.4% believe tax planning reduces liability, but only 56.3% agree the government provides enough information.
2. 87.5% agree tax planning contributes to personal financial growth.
3. 78.1% report increased disposable income due to tax planning
4. 71.9% believe it aids wealth accumulation over time
5. 65.6% consult financial advisors, but 34.4% rarely or never do.
6. 3.1% plan to use government retirement benefits, but 21.9% disagree.
7. 62.5% consider real estate for additional income, reflecting cultural preferences.
8. 78.1% are willing to join financial literacy programs.
9. 10% report tax planning decreased disposable income.

Suggestions

- 1 Enhance Tax Literacy Programs:
- 2 Encourage Professional Guidance
- 3 Diversify Investment Awareness
- 4 Simplify Government Communication
- 5 Address Gender Disparities:

VII. CONCLUSION

Effective tax planning is widely recognized as crucial for income growth and wealth accumulation, yet gaps in government communication and financial literacy persist. Enhancing awareness programs and professional advisory access could significantly improve tax optimization among salaried individuals



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