

B. Com Part - III

Subject - Taxation

Tax-Planning

Part-1

Tax planning refers to minimise taxes by utilising deductions, exemptions and other similar provisions from the Income Tax Act 1961. In other words, Tax-Planning means reduction in tax liability of an assessee by taking benefits of the various provisions of the Income-tax law. Tax planning is legal and does not include any ~~unlawful~~ unlawful measures to avoid tax. Under the process of tax planning, the assessee makes certain arrangements about his all incomes, expenditures and investments so that his tax liability should be minimise, for this purpose, he will have to study deeply the laws relating to tax and

a whole and he will also have to know about available exemptions, deductions, allowances and reliefs. Only then the assessee can make tax-planning successfully.

According to Prof. Dalton, "Tax-planning is a scientific way to reduce tax liability taking the benefits of tax exemptions and tax-incentives doing the work with honesty according to Government policies."

~~Following are the aspects~~

~~of tax.~~

Thus, tax planning is an arrangement of one's financial affairs in such a way without violating in any way the legal provisions full advantage is taken of all tax exemptions, deductions, concessions, rebates, allowances and other reliefs or benefits permitted under the Act.

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