

B. Com Part - III

Subject - Taxation

Tax Planning

Importance of Tax-Planning

Tax-planning is an important factor for assessee, society, country and whole economy. It helps people and businesses reduce the amount they owe in taxes while following the law. Good tax-planning strategies can lower taxable income, avoid legal issues, increase savings, provide financial stability, boost productivity and manage risks. The assessee takes advantages of various rebates and deductions to bring down the liability of tax. If he does not do so, he will not be able to take benefits of rebates, exemptions, deductions and various incentives which have been allowed to the assessee by the Government under the various provisions of Income-tax. When using tax-planning to minimize the

scale of tax, The assessee increases his income indirectly by paying less income-tax through tax,

Following are the need and importance of tax-planning;

1. Tax-liability is reduced.
2. Increase in Moral and Ethical values
3. Increase in Government revenues
4. Bring stability in economic condition of the country.
5. Progress of the country.
6. Increase in employment opportunities
7. Development of backward and rural areas is ensured because there are many incentives in income-tax Act for the assessee if he establishes his industry in these areas,

