

B. Com. Part - III

Subject - Taxation Law & Accounts

Types of Tax - Planning

Following are the types of Tax - Planning -

1. Short-term Tax - Planning; Short-term tax - planning focuses on minimizing tax liability for the current financial year, when assessee wants to decrease his tax liability for the current year only, it is called to be short-term tax - planning.
2. Long-term tax - planning; Long-term tax planning involves comprehensive financial planning for the future, when assessee decides to get his tax liability remained decreased for many future years, then the planning done for this purpose is called long-term tax - planning.
3. Estate Tax - Planning; Assessee can transfer or purchase his

assets in the name of persons who have either zero or minimum income. While estate tax-planning assessee is required to have knowledge of clubbing provisions.

4. Tax-planning in reference of Business Organisation; Tax-planning which has to be done keeping in mind the nature, place, and purpose of his business. Assessee can get maximum deductions.

5. Tax-planning on the basis of region; When assessee sets up his business in such a region where he can get maximum deductions because on the basis of region, Government provides tax benefits or provisions.

6. Investment tax-planning;

Assessee can also get maximum deductions and dividends through investment in banks, financial institutions, securities, shares and debentures. This is called as investment tax-planning.
