



## A STUDY ABOUT AWARENESS OF TAX PREPARATION FOR WORKING INDIAN WOMEN

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### Abstract

However, it only takes one day of adulthood to realise that it might have been better for our adolescent brains to have learned how to manage taxes—or more specifically, where your money goes, why the government claims certain fractions of it, and how to get the best returns on your investments. The function of mitochondria and Newton's third law may be permanently imprinted in our memory, but it only takes one day of adulthood to realise this. The frightening truth is that you're probably not the only one who blindly signs on the dotted line at the end of the fiscal year or nods obediently whenever the phrases TDS or GST are mentioned in casual conversation. Do a quick show of hands among your extended friend group as your DIY experiment for the day, and odds are you'll discover that the bulk of the working crowd is in your boat.

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It is time to start the new fiscal year with a resolution to manage your money if you are a working professional who receives any type of monthly revenue. We enlisted the help of industry professionals to break down the fundamentals into a convenient, understandable manual to aid in deciphering the jargon. Continue reading, put it into practise with your own finances, and share it with a friend who could use it.

### Understand the taxes you must pay

Lxme, a country-wide financial planning software for women, was founded by Priti Rathi. According to Rathi, "Salaried women working in organisations primarily pay income tax in accordance with the tax slabs issued by the government every financial year." Professional women providing advice and consulting services must pay the Goods and Services Tax (GST) on the services they provide. Taxes on company income, capital gains taxes on specific assets, and property taxes if you own property are some other prominent taxes that may be due. The cost of goods and services typically includes a large portion of other taxes that you must

pay. With the start of the new fiscal year, it is important to keep that in mind. Individuals up to five lakhs rupees will receive a complete tax rebate, according to the government.

### The impact of Tax Deducted at Source (TDS) on your take-home pay

This is a key factor in why you don't receive the precise Cost To Company (CTC) stated on your job letter in your bank account each month, according to Rathi. The Income Tax Department implemented the TDS system, which requires the party in charge of sending payments such as salaries, commissions, professional fees, interest, or rent to withhold a specific proportion of tax before making the complete payment to the recipient. Therefore, if you're a working woman, your employer withholds the TDS before crediting your account with your salary. The idea behind TDS is to deduct tax at the source, as the name implies.

"This is a simple example showing how to calculate 10% TDS for an imagined professional payment. Let's say Neha pays

Anisha Rs 50,000 as professional fees for her photography assignment. Neha would then deduct Rs 5,000 in taxes and give Anisha a net payment of Rs 45,000 (Rs 50,000 less Rs 5,000). At the end of the fiscal year, Neha will directly deposit the Rs 5,000 she has withheld to the government's credit. You can request Form 16A from the employer and submit it to the tax department to claim the money you let the government manage throughout the year.

### **Planning your taxes wisely can help you control your spending.**

"You must be perplexed as to why the government withholds anywhere from 5% to 30% of your salary. The taxes we pay drive the prosperity of our country and us, the citizens, even though it may seem like you are being punished for being an upright citizen, says Rathi. She continues, "The government also permits us to preserve a portion of the tax we are required to pay through various schemes and investment opportunities with good tax planning. Tax planning basically involves lowering your tax liability, which also presents a chance to build wealth or increase your savings. Tax planning is an integral component of your financial plan, which serves as the master portfolio for all of your savings and investments. An effective financial plan enables you to reach your financial objectives, such as travelling, purchasing a home, retiring early, funding a child's education, or even taking up flying (if you have expensive hobbies), all without having to make sacrifices to your way of life."

### **Determine your taxable income before the deadline.**

Gather all of your documentation, including each and every invoice for any freelancing work you may have taken on the spot, and create a detailed summary of all the sources of revenue you received throughout the tax year. Instead of going to your accountant or financial advisor to examine your taxes, you may use the power of the internet to determine how much you owe the government. You may manage and reduce your tax burden using a variety of online tax

calculators and platforms, or you can assess which tax-saving strategy will result in the highest returns for you. These calculators also take into account tax deductions for student loans, housing loans, and other income-related expenses, according to the Mumbai-based son company

### **Tax payments must be made on time.**

You could be subject to a fine of up to Rs 10,000 if you file your income tax returns after the deadline of July 31 (unless the tax authority extends it). According to the new rule, if the return is filed after the due date but before December 31 of that year, a penalty of Rs 5,000 will be assessed, and a penalty of Rs 10,000 after December 31. To provide comfort to small taxpayers, the maximum fine will only be Rs 1,000 if your income is less than Rs 5 lakh, according to Rathi.

### **You can never start saving for the future too early.**

For working women in their 20s and 30s, Aditi Kothari Desai, director and head of sales, marketing, and e-Business at DSP Investment Managers, believes that wise investments are essential. The general rule of thumb is to set aside at least 20% of one's pay for investments before splitting the remaining amount between expenses and entertainment, especially when first starting out. Naturally, if your wage increases, your savings rate will increase as your fundamental necessities might not increase as much, albeit indulgences might reduce it slightly. If you're a young woman just starting out, it's important to take into account that you probably have a greater appetite for risk and a longer time horizon, so you might want to invest more of your savings in equities. However, your financial advisor can also help you make the best investment choices, she adds.

### **Having long-term financial goals is beneficial.**

"According to certain global figures, 90% of women will be solely responsible for their financial welfare at some point in their lives since they will either be single, divorced, or

widowed. Planning for unfortunate, unplanned events is essential. Families may also come up with a single shared budget for things like home ownership, childcare, travel, and other household expenses. Separate plans are helpful in the case of discretionary spending, however, as this prevents one from judging or having control over the other's spending habits. There are more handbags and less disputes as the reward. Working women can also decide to use their ideal vacation, ideal wedding, or simply general wealth accumulation as targets. Once you have a solid grasp of the fundamentals, Kothari Desai suggests, "working with an advisor can help you prioritise your goals and choose the assets that are most suited for your goals."

### Conclusion

**It is crucial to take into account your individual risk tolerance while selecting investment strategies.**

Women go on to advise: "The level of danger you are willing to tolerate is quite personal, based on each person's circumstances and the stage of their life. Diversification, a strategy that lowers risk by distributing your investments among different financial instruments (such as equity, debt, cash, gold, real estate, etc.) and industries (such as healthcare, technology, energy, etc.), is one crucial element in minimising risk. By investing in many sectors that respond to certain events in different ways, diversification strives to maximise returns and can assist you in achieving your long-term objectives while reducing risk. Don't put all your eggs in one basket, to put it simply."

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