

## Personal Tax Planning

- Taxes take away substantial portion from the earnings. Tax is often viewed as a burden due to lack of planning and forward thinking.
- We pay close to 45% of our income in the form of taxes annually.(assuming you are in higher income bracket and including taxes viz., VAT, Service Tax, Excise on Goods and Services Purchased or Consumed)
- In such a situation finding ways maximize tax savings can become a challenge.
- Hence it is important understand the tax implications on one's personal finance to save tax.

### Mind This !

- Start tax savings plan at the start of the year, avoid wrong hurried decisions and keep the cash flows constant for the fiscal.
- Know your salary package well, Plan your pay package well to maximize your variable benefits plan.
- If you have the choice of designing the pay package, choose those benefit plans which have more utility for you.
- As a tax-savvy strategy, the basic salary (basic + DA) should be limited to statutory minimum and rest by way of allowances.
- Avoid deduction of excess tax and a refund claim from the government.
- Declare correct income, comply with all the applicable tax laws and enjoy your income peacefully.
- Make appropriate and timely investments and Claim full benefits of available exemptions.
- Declare details to employer payroll department promptly and timely.
- Declare Previous employer income and any interest income etc., to the present employer to ensure adequate payment of taxes.
- Make full use of deductions u/s. 80C (Life Insurance Premium, PPF, Pension Funds, House Loan Principal, Bonds etc.)
- Get to know about salary specific deductions viz., transport allowance etc.,

### Tax slab for the year 2015-2016

#### Exemption Limits

Men – 2.5 Lakhs  
 Women 2.5 Lakhs  
 Senior Citizens – 5 Lakhs

Income in Rs	Tax Rate
Income upto Rs. 2,50,000	Nil
Income between Rs. 2,50,001 - Rs. 500,000	10% of Income exceeding Rs. 2,50,000
Income between Rs. 500,001 - Rs. 10,00,000	20% of Income exceeding Rs. 5,00,000
Income above Rs. 10,00,000	30% of Income exceeding Rs. 10,00,000

For help /queries contact [srivathsala@spearheadfinserve.com](mailto:srivathsala@spearheadfinserve.com), website – [www.spearheadfinserve.com](http://www.spearheadfinserve.com)

## Personal Financial planning

- ❑ Personal financial uncertainties are a major source of stress to people. One way to tackle is to be educated & empowered about financial needs.
- ❑ Personal financial planning is the process of meeting your life goals through the proper management of your finances. It starts with understanding of life-cycle and life stages, establishing goals for each stage and then working towards them.
- ❑ Personal financial planning includes investment, tax, retirement and estate planning with proper risk management for each of them

## Lifelong Financial Tips

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**Wherever you are in life, these tips may help you get on solid financial foundation, help you to build on it. Also helps you to stay there.**

**Get specific with goals:** If you don't know where you are going, any road can take you anywhere. When it comes to your money, you need to have specific goals. They can be as simple as putting aside some money every month for a down payment on a new car . Or target to re-pay a personal loan in one year.

**Stay focused:** Focus on needs, not wants. Wish lists can be wonderful things to have; don't use your credit card to turn every wish in to immediate reality. Understand the difference between niceties and necessities and be willing to choose what it needs to stay on track.

**Be realistic:** Magic can happen in magic shows. Don't expect magic to happen to your financials overnight. Start small, be consistent never give up.

**Avoid triggers:** Understand your personal psychology and find out ways of handling it.

**Think holistically:** Don't manage your money, manage your life. When you think this way, it frees up your mind to possibilities you might not think of otherwise. It also does something even more important. It helps eliminate options.

**Consult financial adviser:** Never hesitate to consult an expert in the field. Get help when you need it. Eg: Consult a lawyer to make a will, financial advisor to make a Customized Finance Plan

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### Contact us

Spearhead Finserve Pvt. Ltd.  
#334/28, Deviprasad,  
14th Cross, 2nd Block Jayanagar  
Bangalore, Karnataka, India – 560011  
Phone No. +9180 26572912