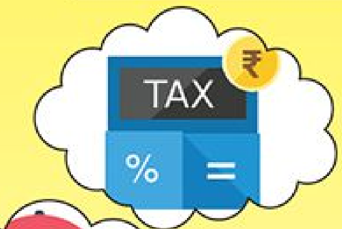
THE DOS AND DON'TS OF TAX PLANNING

Follow the Dos and watch out for the Don'ts for an effective tax planning.

THE DO'S

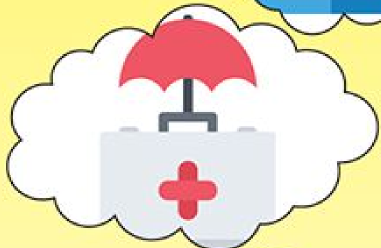
Be the early bird

- Planning taxes right from the beginning offers several advantages like disciplined investing and rupee cost averaging.



Think long-term

- While choosing your tax-saving tool, analyse to decide which instrument can deliver high returns and more benefits in the long run.



Look beyond section 80C

- Investments can help you save tax. However, you can reduce your taxable income otherwise too. For example, Section 80E of the Income Tax Act provides deduction with respect to the interest paid on higher educational loan taken for your children.

Spread your investments

- Use 12 months in a year for your investment and not just one. This will allow you to ease any last minute burden on your finances.

Keep your tax-related documents in order

- Investments are good for saving tax. But, for claiming deductions, you need investment proofs.

THE DON'TS

Follow the herd

- There is no one-size-fits-all for tax planning. Formulate your plan after considering your financial state, goals, risk appetite and so on.

Think that tax planning is difficult

- Beware of this myth. Tax planning is simple. All you need is a careful analysis of your financial situation and enough time to devise a suitable plan.

Ignore your goals

- Keep your financial goals in mind while tax planning. For you may need much more than just saved taxes.