1. **Why do we get Taxed**?
   1. The Gov Departments, their employees’ salary, Bridges, road, DAM, actually these amenities of a country, these expenses are taken care by the tax we pay.
   2. Tax I s a major source of revenue for a GOV without which a GOV can’t function.
2. K**inds of Tax**?
   1. **Direct Tax**:
      1. Levied on our income even before it gets credited to your salary.
   2. **Indirect Tax**:
      1. When we buy something, we pay GST.

# How do we get taxed?

1. Above 5 Lakhs, obliged to pay tax.
2. **TDS = Tax Deducted at Source**:
   1. The tax that is deducted even before crediting your income to your bank account.
3. Tax liability.

# Why Deduct tax in Advance = TDS

1. Gov needs money on monthly basis to function smoothly.

# ITR: Income Tax Return

1. If you have paid more tax than GOV will return the balance with interest.  
   If we paid less tax, then we have to pay the balance with interest.

# How to have lower TDS?

1. **ITD**: Income Tax Declaration.
2. It is done at the start of financial year.
3. Those who are doing freelancing or self-employed, the TDS will be deducted by the client itself and the client will ask for your PAN card when your payment from a client is more than 30,000 (thousand).

# How Income Tax is Calculated

1. Tax Liability.
2. Rebate by the Gov.
3. He talked about brackets in a simple way.

# Tax Saving Strategies

1. Let’s understand first **Taxable Income**.
2. Taxable income is not same as our salary/CTC.
3. It is either equal to salary/CTC or less than it (normally less).
4. We pay tax based on our taxable income not based on CTC.
5. There are legal methods to bring down your taxable income.
6. On high Level, there are two ways:
   1. **Exemption**:
   2. **Deduction**:
7. Let’s understand by Example:
   1. Suppose CTC = 12L.
   2. On Salary Slip, it is not written that you will be getting 1L per month.
   3. Your 1L income per month will be divided into different components.
   4. Most Common Components:
      1. Basic Salary:
   5. Other components, we can think about are:
      1. HRA: House Rent Allowance.
      2. Meal Allowance.
      3. Telephone Allowance.
      4. Leave & Travel concession.
      5. Fuel Allowance.
8. After adding them all up, you will get your total salary.
9. Why so many Components?  
   Why they just put under one component like Basic.
10. **Answer**: For your own benefits.
    1. Some of these allowances are not taxable and others are taxable.
    2. Like Basic salary is fully taxable component of your salary.   
       If everything is put under basic Salary component, then your total CTC will become taxable.
    3. HRA is non-taxable component. There are certain restrictions, terms but part of a HRA is non-taxable.
    4. Meal Allowance: Up to a certain limit, that is also not taxable.
11. All of these components which are not taxable, are called as **Exemptions.**Because they are exempted from the tax.  
    So that is always better to have more and more exempted components in our salary slip so that your taxable income is far lower than your actual salary/ctc.
13. **Deduction**:
    1. Gov has specified a certain kind of
       1. Expenses &
       2. Investment.
    2. If we incur those kinds of expenses or you happen to make those kinds of investments,   
       Those amounts will be deducted from your Taxable Income to bring Taxable Income Down.  
       That is why it is called **Deduction.**
    3. **Example for such an Expenses**: Life Insurance.
    4. Example for such an **investment**: Investing in Public Provident Fund.
    5. There are 15-20 kinds of deductions, we can avail of.

2nd Video:

1. FD:
   1. Tax on Return.
2. NSC:
   1. No Tax
3. LIC Policies:
   1. No Tax
4. SSY:
   1. Having girl child less than 10Years
5. ULIP:
   1. No Tax
6. PPF:
   1. No Tax
7. ELSS

# Terms:

1. Tax Plan.
2. TDS.
3. ITR.
4. ITD