

A schematic research on the Fundamental Concepts and Techniques of Business Tax Planning

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Abstract

The tax burden has gradually increased as a result of the ongoing tax system improvement, and it is now a significant operating expense for businesses. Minimizing costs is one of the key steps in achieving the financial management goals of contemporary businesses. To achieve the ultimate goal of maximizing the value of financial management enterprises, enterprises must meticulously plan and organize taxation matters in financial activities in advance. This paper focuses on specific cases of tax planning, investment process, business process, dividend distribution process, corporate restructuring, and other tax planning on the basis of describing the research status of corporate tax planning at home and abroad. It also analyses tax planning issues that the modern enterprise finance Management faces and suggests solutions. Taxpayers are becoming increasingly more aware of the law as tax laws are improved and the cost of tax evasion rises. The management of corporate tax planning against the backdrop of the information age is the main topic of discussion in this article. Utilize data mining technology to achieve information access transparency and method diversity. If the company in charge of sales is situated in a region or nation with high income tax rates, in this case, the company can open branches in other nations and regions with lower income tax rates in order to reduce the tax burden, making it should Profits of businesses in high-tax jurisdictions can be effectively transferred, lowering the total amount of income tax due and lowering the business's tax burden. When conducting sales activities, businesses can use commercial discounts to lower the amount of value-added tax they are required to pay. The enterprise changed its tax planning, which resulted in a 5% business tax rate being replaced by a 6% value-added tax rate. This study is beneficial to thoughtful corporate tax planning.

Keywords: Tax Planning, Information Age, Data Mining, Value-Added Tax Burden, Enterprise tax planning

Introduction:

Tax planning is the legitimate economic conduct of businesses. After studying the tax code, businesses plan and organise their operations, investments, financing, and other aspects of their business in order to reduce their tax burden. It is a natural byproduct of a market economy and a behaviour that the state has both approved of and encouraged. Enterprises are being forced to raise their own management levels as a result of China's tax reform and economic development, and tax planning is also a crucial management strategy. To do tax planning, businesses must have a thorough understanding of tax laws, minimise tax risks, learn relevant policies, and combine their own businesses. The socioeconomic development of my nation is happening quickly, and the growth rate is also fairly quick. As one of the pillar industries, businesses have also increased their taxation contribution. However, due to the economy's rapid growth, modern businesses are becoming less and less satisfied with the business tax system. Businesses cannot adapt to the contemporary economic and social environment given their rapid growth. The growth of businesses is somewhat constrained by this type of taxation system, which also has an impact on their capacity for innovation and level of market competitiveness. The nation is also aware of the coordinated growth of the national economy, the gap between the rich and the poor, and the non-negligible role played by SMEs in the economy. There is no way to resolve the tax issues facing SMEs if only relying on national preferential policies, despite constant advocacy of preferential tax policies and efforts to fairly protect SMEs' interests. Small and medium-sized businesses should base their decisions on the company's circumstances, look for the truth in the facts, and actively pursue tax planning in accordance with regional circumstances. This article's foundation is this goal. By introducing tax planning objectives and strategies, it is hoped that the company and the small and medium-sized businesses it represents will be able to offer businesses and small and medium-sized businesses with useful tax planning plans and the assistance they need to properly fulfill their tax obligations. Enjoy your tax benefits to the

fullest and increase your overall income. Nevertheless, I also hope that this worthwhile endeavour will contribute to the expansion of tax planning theory and the enhancement of the tax system. Through quantitative analysis, this article can contribute to a better understanding of the company's future business activities as well as the viability of its tax planning strategy. Based on this, this article introduces the fundamentals of tax planning; potential risks during the planning process, and offers specific recommendations for risk prevention for the risks mentioned.

Management of corporate tax planning:

Tax Planning:

India has implemented tax preferential policies in many industries and regions to promote economic development. For instance, the state has implemented tax incentives for school-run businesses, reflecting the national strategy of revitalizing the nation through science, education, and the cultivation of talents; tax incentives are exempt for welfare businesses. Collect corporate income tax for welfare enterprises; the state will grant a five-year reduction and exemption of corporate income tax to businesses that use waste gas, waste water, and waste residues as raw materials for production and operation because they have contributed in some way to India's environmental protection and other tax benefits. As a result, the group's business operations are very predictable in terms of the direction of investments. The group has the ability to actively understand the trends in the nation's policies, invest in and grow industries that the nation actively develops, on the one hand, and grow its own economic enterprise, on the other. It boosts the group's economic profits while also improving the industrial structure of the group, which helps to improve the group's overall competitiveness and capacity to manage potential economic risks. On the other hand, it can minimise economic costs and minimise tax expenditures for the group.

The concept of corporate tax planning:

According to the so-called tax planning, the taxpayer in the enterprise will abide by all applicable laws and regulations as well as tax regulations in order to protect the legitimate rights and interests of the business. The enterprise's tax burden will be lessened and its revenue will increase as a result of not breaking the law. In order to achieve the fiscal revenue goal without breaking the law, we will formulate some measures and countermeasures that can reduce the tax burden on the business aspects, investment aspects, and fundraising of the company. Therefore, the goal of enterprise tax planning is to minimise the tax burden of enterprises by fully utilizing the tax law's loopholes as well as their own business, investment, and fundraising activities. Although tax planning can benefit businesses in some ways, there are risks involved as well. Tax planning work will not only benefit the enterprise but will also result in greater losses for the company if the company is unable to fully pay attention to the risks it entails.

Significance of tax planning for enterprises:

Tax Planning for Enterprises is an Important Measure to Obtain Tax Benefits to Reduce Tax Burden:

Profit maximization is the main objective of business operations. Enterprises must improve their own economic benefits and cut costs as independent accounting entities that are accountable for their own profits and losses. The operating pressure on contemporary businesses keeps rising as the level of competition in the market economy rises. To improve their position as market leaders, businesses must continually lower the cost of their goods. By judiciously utilizing current tax laws, tax incentives can lower the overall enterprise. Through these lower tax burdens, the tax burden is transferred to the cost of the product, lowering the overall operating costs of the product and raising the company's profit. The company's tax planning can also help the business plan the timing of tax payments; get the time value of money by delaying tax payments, and increase cash flow and benefits.

Tax Planning for Enterprises is an Important Measure to Enhance Corporate Tax Awareness and Management Ability:

Enterprises must upgrade their level of financial personnel in order to implement tax planning. Tax planning can be done effectively by hiring some experienced financial personnel or improving internal training, and internal operations and management must also work with the financial department. The enterprise's level of financial management will also be raised in this way. The enterprise's financial staff must comprehend the pertinent tax laws and policies and think critically about their own taxation work in order to perform effective tax planning. This can

increase tax awareness and ensure that the tax planning itself is legal. The accounting standards are standardized and the financial information must be accurate. As a result, the enterprise's management skills and tax knowledge may be improved.

The Tax Planning of Enterprises is Conducive to the Implementation of the National Economic Restructuring Policy:

Enterprises must be aware of and fully utilize the nation's tax policy as well as local tax incentives in order to conduct tax planning. The needs of economic development are taken into account when the state creates tax policies, and it consciously encourages businesses to grow through tax breaks. Enterprises must adjust their production and operation in order to better use taxation policies and invest in emerging industries. This will also improve the depth of their tax planning. Such changes are in line with business interests, are helpful in achieving national policies and intentions, and serve the objective of national macro-control. Following tax planning, businesses increase their own level of profit while achieving business integration and profit improvement through industrial adjustment. In the end, this helps to adjust the tax system and economic system of the nation. As a result, tax planning can advance both corporate and governmental interests.

Management Experiment of Corporate Tax Planning:

Make Full use of Data Information:

Utilize data mining technology to achieve information access transparency and method diversity. It can, for instance, deliver accurate and efficient information regarding the classification of taxpayers, the management of tax sources, tax forecasting, tax evasion analysis, audit selection, and tax assessment.

Tax Planning in the Procurement Process:

If the company in charge of sales is situated in a region or nation with high income tax rates, in this case, the company can open branches in other nations and regions with lower income tax rates in order to reduce the tax burden, making it should Profits of businesses in high-tax jurisdictions can be effectively transferred, lowering the total amount of income tax due and lowering the business's overall tax burden. When conducting sales activities, businesses can use commercial discounts to lower the amount of value-added tax they are required to pay.

Countermeasures for enterprises to strengthen tax planning:

Enterprises and Governments Should Pay Attention to Tax Planning Matters and Correctly Understand Tax Planning:

Tax planning is a legitimate right for businesses. Businesses should make effective use of tax planning to lower overall costs, raise internal management standards, strengthen tax planning efforts, and strategically position their tax planning for the best possible positioning. Planning for corporate taxes is truly valuable. Businesses need to fully comprehend the importance of tax planning. Pay close attention to how and why tax planning figures into larger business choices. When making business decisions, we must balance the need to ensure the smooth execution of routine operations with the need to fully utilize the state's tax policy, make the necessary adjustments to key business operations, and lessen the overall tax burden on enterprises. Senior management and financial staff must correctly comprehend tax planning and factor tax costs into enterprise management's strategic decisions. For the benefit of the government, local tax bureaus must fully comprehend corporate tax planning's benefits to the nation's long-term development, actively adjust to these changes in the market economy, and refrain from heedlessly enhancing their short-term revenue streams or abusing their authority by changing the rules. Limit the room for planning corporate taxes. Enterprises should be advised on tax planning, use national policies to adjust their businesses and upgrade their industrial structure, promote long-term sustainable economic development, and promote the upgrading of local economies in their daily interactions and exchanges.

Pay Close Attention to Changes in Tax Laws and Tax Incentives, and Acquire Relevant Knowledge:

Enterprises must carefully research the nation's tax laws and local tax regulations, understand the distinctions between tax planning and tax avoidance, actively take into account and communicate the legislative intent of

national and local tax laws and tax regulations, and diligently protect the seriousness of tax laws in order to conduct tax planning. In order to carry out tax planning, sexual orientation is combined with the legislative intent and its own business characteristics, lowering the likelihood of violations. Currently, tax reform is being furthered and future tax law changes will happen more frequently. Businesses must gather pertinent tax laws and regulations through a variety of channels, compile relevant tax laws pertaining to current operations and potential future involvement, and improve communication with tax authorities. Exchange, timely comprehension of changes in tax laws and regulations, investigation of potential enterprise tax planning opportunities and strategies, flexible application of tax laws and regulations, and effective tax planning are all important. When businesses understand the meaning of the tax law and its rules, they should take into account how their own operations and the tax base affect the tax base, use the tax incentives of various taxpayers and regions to plan, change the business model and product structure as needed, and expand the space for tax planning.

Set Up A Special Tax Accountant, Hire A Professional Tax Planner, and Establish an Information Platform:

The way that businesses approach tax planning needs to change from passive to active, and they need to actively think about tax planning options. Companies must have the necessary skills, foster industry exchanges, work with intermediaries, establish an information platform, standardize financial data, and enhance the integrity and uniformity of bill management in order to strengthen proactive tax planning. Enterprises must first set up the appropriate tax accounting positions in order to perform well in this area. The main responsibilities of this position are to confirm the measurement-related income, costs, and accounting tax amount, to prepare tax returns, and to effectively plan taxes for the future. Estimate and lower the company's actual tax burden. Many businesses lack a full-time tax accounting department. Under the premise of weighing cost and benefit, businesses may think about putting in place relevant full-time staff and hiring individuals with a solid understanding of the external legal environment, tax laws, and tax regulations. Second, businesses need to improve their interactions with the outside world. Businesses can improve their relationships with intermediaries, employ qualified tax planners, and utilised their expert planning and tax benefits. Enterprises should also increase their interactions with the industry and fully utilised it. The best cases are studied, the planning strategies and essentials of tax planning are familiarized, the relationship with tax authorities is strengthened, and misunderstandings regarding tax laws and regulations are avoided. The state must also make a concerted effort to support the expansion of firms and individuals who specialize in tax planning. Enterprises should also set up reliable financial information platforms and operational platforms so that tax planners can quickly acquire the financial and business data they need to create effective tax planning strategies.

Conduct Cost-Benefit Analysis, Firmly Establish Risk Awareness and Strengthen Departmental Collaboration:

Enterprise tax planning cannot irreparably harm those enterprises' overall tax planning interests. Businesses must carefully weigh the direct and indirect costs of tax planning, as well as their strategic deployment of personnel, in order to carry out tax planning—not just for tax planning. Businesses miss out on chances to grow. Businesses must also concentrate on tax planning, particularly how to lower the tax base and tax rate indicators. They must avoid becoming fixated on overly technical details in order to diversify their energy sources. Businesses should manage the risk of taxation while reaping the benefits of tax revenue. By strengthening their internal control system, they should be able to properly declare and pay taxes on time, gather information about changes to tax laws on time, minimise risks associated with tax planning, and identify potential issues before they arise. Risk, make tax planning more secure. However, effective departmental coordination is also the cornerstone of corporate tax planning success. Businesses should emphasize the value of tax planning and strengthen the support received by the financial department from other departments. Planning for costs and expenses is a component of tax planning. Each department is responsible for its own expenses and must assist the financial department in its work. The department must promptly turn over the bills, particularly the VAT bills, to the finance department after maintaining custody of and collecting them. To prevent VAT special invoices, the company's business department and contract review department must exercise early control. Due to the inability of businesses to deduct input taxes, their tax burden has increased. Any department must be aware that it is also involved in the process of tax planning. It must actively assist the financial department in its work and complete its own tasks in accordance with the law. Boost departmental cooperation and boost tax planning effectiveness.

Conclusion:

Planning for corporate taxes is a crucial step towards bettering corporate management and tax awareness. It serves as a guide for achieving macro-control at the national level. The alignment of corporate interests and national interests is supported by effective tax planning. Chinese businesses are still engaging in some tax planning at the moment. Problem: In an effort to help the business, the author proposed some solutions to the aforementioned issues. In order to prevent the losses brought on by human error in manual operation, businesses must set up training programmes for employees on how to use information systems, maintain those systems, and establish a linkage mechanism between those systems and the tax bureau system. Companies should hire specialized accounting firms or experts to regularly hold tax planning lectures and financial accounting, taxation knowledge, and practice training related to tax planning so that financial personnel can learn theoretical knowledge faster and better, and apply it to the workplace. This will help companies better adapt to tax planning reforms and keep up with the pace of reforms. This article also suggests a number of safety precautions to deal with this problem. All employees' tax awareness needs to be raised, value-added tax invoice management needs to be strengthened, and an accounting system needs to be established and improved. Because different businesses are run in different ways, it is possible to ensure that the design of tax planning plans is in actual use and that its implementation can be done more quickly and efficiently.

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